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**THE AWAKENING OF  
AN EMPIRE**



# THE AWAKENING OF AN EMPIRE

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## PREFACE

THERE is in this country no lack of energy in some directions, whilst in others the *vis inertiae* of our countrymen is abnormal, and nothing short of the vast upheaval which the determined effort of the Central Powers for world domination has caused could have aroused us, more especially our ruling classes, from their *laissez faire* attitude towards our industries, trade, and commerce. Someone in the middle of last century invented a catch-cry, and called it "Free Trade"; whether that was ever realised in fact no one amongst a certain sect of our politicians either knew or cared. It was a good election cry and that sufficed. If some statesman or writer tried to awake them from their lethargy and pointed out to them that we were selling our birthright as a great industrial and agricultural country, not for even a "mess of pottage," but for a phrase expressing an unrealisable ideal, they replied by making utterly unreliable statements and compiling statistics, plastered the walls of our cities and towns with pictorial lies, in the shape of big and little loaves and other mendacities, allowed our foreign competitors and present enemies to annex the products bountiful nature had placed in our territories, also to undermine and destroy our manufacturing interests in many directions, and permitted

our agriculture to go from bad to worse, so that four-fifths of the population now has to depend on its supply of bread-stuffs from overseas. This state of things would have gone on interminably had it not been for the great war which has caused us to revise many of our ideas, and, let us hope, has roused us to the parlous condition of our one-sided economic system.

There appears to be no doubt that victory will sooner or later crown the arms of the Entente Powers and their Allies, but it will be neither thorough nor complete if the economic underground working of the Central European States is allowed to be renewed as in the pre-war period.

The reconstructive policy advocated in these pages is one which will tend not only to remedy the glaring defects in our present ill-conceived, narrow-minded, and inadequate economic system, but also, it is believed, will remove numerous other evils by which our crafty competitors in the Central Empires have taken undue advantage of our haphazard policy and fatuous good nature. It will enable us to further the development of our immense Imperial revenues and the material welfare of the peoples under His Majesty's sway—well-nigh one-fourth of the human race—and also further to consolidate and cement our relationship with those who have rallied to the flag in the time of danger and stress, and who are fighting and dying alongside of their brothers from the Mother Country in support of those ideals of civilisation, liberty, justice, and honour which are dear to us all.

This policy of reconstruction must also be one by means of which our gallant allies shall be enabled by

every practical means to restore their material wealth, happiness, and prosperity in the cycles of peace that we hope will ensue ; and it must ensure that we do not recklessly hand over again to Germany the natural resources of our Empire, whereby they may once more accumulate the sinews of war, and make preparations in the future to again disturb the peace of nations, deluging the world in blood, and horrifying mankind by acts of murder, rapine, sacrilege, and arson.

The great question of our country's future appears to be not under what system we are most likely to have single years of prosperity followed by four or five years of stagnation, but how we can best preserve a steady, continuous, and, if possible, an increasing commercial intercourse both with foreign nations and the British Dominions and Colonies.

We all admit that Great Britain was unprepared for war on a large scale in August 1914. We had warnings, yet, as a nation, we did not take them. No satisfactory explanation of the pertinacious and feverishly irritating activity, in season and out of season, of the German Foreign Office was given us during at least a decade before war broke out, nor of its meddlesomeness outside its sphere of influence in Morocco and elsewhere, although, in spite of the fact that dust was thrown in our eyes by some of our Ministers, we could not be blind to the rapid increase of their Fleet and of their already immense Army. The warning voice of such true and tried friends as Lord Roberts went unheeded amidst the jar and strife and the comparative trivialities of party politics. We were, in fact, doped and lulled into a feeling of

false security by men like our then War Minister, Lord Haldane, with his oleaginous and honeyed words, who cried peace when there was no peace.

Fortunately those responsible for the efficiency of our Navy stood to their guns, and had the courage to spurn either the attacks or the cajolements of the Keir Hardies, Ramsay Macdonalds, and other Little Englanders and false prophets. To them we owe a debt of deep gratitude. Many of the guardians and seneschals not only of our Imperial security, but of our very existence as a free people and a nation, were slumbering in the guardroom, and drowsily replying to any urgent call from the keen and alert watchmen on the castle walls with such expressions as "wait and see." Ireland, the Welsh Church, and social reform must be attended to first. So they let the crafty enemy approach well-nigh up to the very walls of the castle ere they would listen to the insistent call of alarm, and rush to arms.

To drop this metaphor, who can say how much we owe to the gallant Belgian defenders of Liège, who checked the onset of our foes while we were preparing to encounter them, to the bravery and self-sacrifice of "the first hundred thousand" of the splendid soldiers we sent to France—few of whom, alas! will ever see the shores of their native country again—and to the greatness and gallantry of our French and Russian Allies in September 1914?

The question we shall have to face when this war terminates is, are we to be equally unprepared (and equally fortunate) in meeting the determined attack on our industries, material resources, trade, and commerce, which our vigilant and determined foes are

preparing for us, or are we to take due and fit precautions beforehand to the mutual advantage, not only of the British Isles, but also of the United Empire over which His Majesty rules, and of our Allies, who have fought the good fight for civilisation, freedom, and justice by our side, so that we may encourage their industries and general prosperity as well as our own? The fact is we must let the general welfare and employment of the industrial classes, in the field, in the workshop, and in every other calling, business, or profession, be more our true aim than the worship of temporary cheapness from dumped foreign productions or goods, and make our country what it once was, one of the most productive food-growing countries in the world. Possessing within the confines of the Empire the vast natural resources we can command, we must spare no effort to encourage their use or development, and make it, as far as is practicable, self-contained, certainly in regard to food, raw products, and manufacture, rather than dependent (as we were in 1913) for such articles as sugar to the value of fifteen millions sterling annually on possible enemies in the Central European Powers, whilst allowing tons of millions of the best cane and beet-sugar grown in the world to run to waste in our territories.

An effort must be made to avert the great dangers we have run for the last few decades, dangers which might have proved our undoing had not the determined love of country and pride of race of the mass of the people responded nobly to the call to arms. Britain's sons silenced, by their unselfish patriotism, the frothy politicians whom the Germans fondly

imagined voiced the views of their countrymen, and to the grand rally of the men of the Motherland were added the loyalty and attachment of the Dominions to the land from which they sprung, which have helped us to pass undaunted through the fiery furnace.

We have acquired new strength and hope for the future; we see the possibilities of our Empire and our race with a clearer vision, and let us hope, as a people, we have thrown aside our narrow-minded partisanship and our devotion to ideals which are quite unsuited to the age we live in. Those, once counted by the score, who looked at matters from an Imperial standpoint, can now be numbered by the thousand. We have awakened to the fact that it is our undoubted duty not to let other races and other peoples filch away our natural resources and our industrial prosperity, but to develop them ourselves, and hand down to our descendants that goodly heritage for which not only our ancestors fought and died, but for which the British, Anzac, and Indian heroes of to-day have laid down their lives. We have realised, too, that we must organise, leaving nothing to chance, consolidate and unify our interests, and make the development of the vast resources of the Empire and its economic prosperity our paramount task.

As the Motherland of a free and united people we have received a great trust, and we must sanctify that by guarding the interests of peace, aided by our tried friends and Allies. If we do this with earnestness of purpose the sorrows and sufferings of this great war will not have been borne in vain.

It has not been in the past the privilege of any one party in the State to strive to see ourselves united to

the Colonies in community of interest. Patriotic men of all parties have done so in the past and will do so again. Our aim must be, as far as any human effort can achieve it, to make such a reconstruction of our economic system as will give a hope of prosperity to our workers within the Empire that will not die away and be succeeded by industrial depression, reduced wages, and a fierce struggle for employment. Free-import trade, our present system, cannot achieve that, for if fiscal barriers are erected by the order of foreign autocrats, governments, or assemblies, we have no power of retaliation, and have to take the injury to our commerce lying down. The foreigner knows this, and, in consequence, has in the past taken such liberties as he saw fit.

We must look at questions relating to our industry and trade from a business standpoint rather than from a Utopian and sentimental one. Important as the cotton industry is, for instance, it is not the sole mission of the Anglo-Saxon race to spin it into fabrics for export. From time to time in the past, as one by one our manufactures have been destroyed, or our agriculture has become more and more unprofitable and depressed, our ministers have made sympathetic speeches. What is required, however, is not so much sympathy as prompt action. In the construction of a railway you require a datum line on which to base your gradients; similarly, in regulating your commercial interests and safeguarding your industries you must have a standard in the shape of a general tariff which you can remove wholly or partly in favour of your fellow-subjects beyond the seas, your allies or friends, or increase, if need be, should you find

undue fiscal barriers erected against your trade and commerce. In this work it will be my endeavour, therefore, not to dogmatise in respect to minute details, but to suggest certain broad principles on which a satisfactory trade policy might be based. The public mind is obviously more plastic now. People recognise that the hide-bound dogmas of certain doctrinaire professors have not in seventy years converted one single nation or self-governing British Dominion to their so-called "free trade" ideals. It must be disconcerting to them to see how little headway they have made, and how steadfastly the world has refused to follow their lead. Yet one is unable to proceed on the assumption that the national economic policy has no relation to security and general prosperity. That assumption, which has been dinned into our heads by these false prophets, nearly caused us grave disaster when the war broke out. A people that attempts to treat industry and trade as if they had no relation to the general welfare of the community and to the safety of their country, that believes the sole end and object of trade is comprised in the word "cheap," that allows the natural resources of their country, amassed through ages, such as coal and iron, to be sold to foreigners, that is content to live, in fact, on their national capital in order to pay for the bread they eat, while they are too negligent, careless, wanting in foresight to grow sufficient grain for themselves, may temporarily make great strides, but a day of reckoning is sure to come, as, indeed, it nearly came to us.

In this work I have no individual interest to serve, no wish to support the views of any particular party



or section of the community. My sole aim is to do what lies in my power towards indicating some of the lines on which, within the mighty British Empire, and in co-operation with our Allies and other friendly Powers, a well-balanced system of mutual interchange of commodities, and a continuous, not merely a spasmodic, prosperity may be established.

ROBERT GRANT WEBSTER.

*February 1917.*



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# THE AWAKENING OF AN EMPIRE

## CHAPTER I

### BY WAY OF INTRODUCTION

“ To be, or not to be, that is the question :—  
Whether 'tis nobler in the mind to suffer  
The stings and arrows of outrageous fortune ;  
Or to take arms against a sea of troubles,  
And by opposing end them ? ”

SHAKESPEARE.

DURING the occupation of Bloemfontein by Lord Roberts a memorable little function took place in the refreshment room of the railway station there. Several of the war correspondents combined to give a dinner to the Commander-in-Chief and Sir Alfred Milner and Mr. Rudyard Kipling. Among the toasts was one proposed by Mr. Kipling. He asked the company to drink to the health of “ the man who has united the British Empire—Stephanus Johannes Paulus Kruger.”

What Mr. Kipling had in mind in proposing that novel toast was the splendid manner in which the Dominions had rallied to the side of the Mother Country in sending their sons to share in the South African war. It was the first time such evidence of Imperial solidarity had been given, hence it was pardonable for the poet of the Empire to draw the con-

clusion that Imperial unity had been established upon a sure foundation. But what happened ? When the South African war ended, and Mr. Joseph Chamberlain made a valiant effort to reap what should have been the inevitable harvest, his labours were thwarted by a persistent revival of Little-Englandism. It must not be forgotten that the obstacles to a real Imperial unity were created not by the Dominions, but by the party politicians of Great Britain. In various ways the Dominions approached the Mother Country, desiring above all things that the union of the battle-fields should be repeated in political and economic relationships ; but all those approaches were spurned because, forsooth, they might have thwarted party triumphs at home.

As during the South African war, so now in the midst of the world's greatest war, the term " British Empire " is used in a loose manner. One is almost tempted to apply Voltaire's scathing comment on the Holy Roman Empire, which, he said, was neither holy nor Roman nor an empire. In the strict meaning of the word the British Empire is not an empire. Properly, as the dictionary reminds us, " an empire is an aggregate of conquered, colonised, or confederated States, each with its own government, subordinate or tributary to that of the empire as a whole." In the sense in which the Russian Empire is an empire the British Empire is not an empire. The distinction has been clearly defined in the introduction to *The Commonwealth of Nations* as follows :

" Viewed from without, the British Empire is a single State with a single Government, in practice just

as competent to commit all its subjects to peace or war as the Governments of Russia, Germany, or the United States. But it cannot, like them, command the resources of all its subjects and territories in the discharge of its responsibilities. As the people of the Dominions have no voice in the government of the Empire, so are they not subject to contribute to its necessities. Viewed from within, the Empire lacks that property of States by which they proportion the expenditure of their resources to the responsibilities which the possession of those resources involves. It is a commonwealth which excludes from a share in its government an increasing proportion of citizens in no way less qualified for the task than those whom it admits to it. It is a State, yet not a State ; a Commonwealth, yet one which fails to realise an essential condition of the principle which inspires it."

What happened during the South African war has been repeated on a far greater scale in the present titanic conflict. It is the story of ancient Greece repeated again. As in the days of Hellas, a grave danger to the British commonwealth has led to the close co-operation of all the members of that commonwealth. For the period of the war, at least, we have learnt, as the Greeks learnt, that "though love of country may make men brave, it is only organisation that can make them strong." It is generally agreed that no war has ever brought us so closely together as the present conflict, and that the people of the Mother Country have never been so entirely at one in their determination to fight a war to a victorious issue. This cohesion is even more strikingly illustrated in the case of the Dominions and other parts of the Empire. The toast which Mr. Kipling

proposed in connection with President Kruger, "the man who has united the British Empire," can be much more emphatically applied to the Kaiser. Whereas that deluded monarch expected our commonwealth to scatter asunder at the touch of his sword, the direct opposite has happened.

What, however, is to be the result of all this when we return to peace? Are we to witness a repetition of the tragedy which followed the South African war? When the danger has passed, shall we slide back into the old haphazard ways, leaving the political and economic relations of the Empire in the chaotic condition of pre-war days? Half a century ago Lord Beaconsfield foresaw the day when Canada might be lost as a "dependency" but would become a "permanent ally and friend." That condition has been realised in connection with all the Dominions; they have, indeed, become Allies and friends. But will they continue so? Everything depends upon the political and economic relations of the future. The only safe path is that pointed out by the motto of the British Imperial Council of Commerce—"Unity in Commerce and Defence." Now defence is more important to the British Empire than any other consideration. Even Adam Smith admitted that defence is of greater moment than opulence. What, then, every homeland Briton must realise is that "national safety is more important than economic laws."

This is a hard lesson for time-serving politicians and self-centred manufacturers to learn. That fact has been illustrated again and again by the so-called "party truce." Any attempts of leading men openly and publicly to advocate a new point of view in



economics were greeted with protests that such attempts were a breach of the "party truce." Cobdenites grow quite unctuous in appeals to public men to "drop politics," and eschew "isms," but when we put the matter to the test we find that what they mean is that while everyone else should desist from stating their opinions, Free Traders are to be allowed to preach their dogmas, and also to cling to their particular cult with the tenacity of the limpet. Indeed, these obscurantists would have us believe that the "party truce" is a most admirable institution so long as it benefits their opinions. Notwithstanding the tremendous issues involved in the war, what these advocates of the "party truce" are most concerned with is to save from the post-war wreckage as much as possible of their old political stock-in-trade. They are more interested in winning the next general election than in the defeat of Germany. It is too often forgotten, indeed, what a vital relation exists between the commerce and defence of an empire. Mr. Hughes, the Prime Minister of Australia, put the matter in a nutshell when he said :

"If it were a question of trade, only affecting our pockets, the fiscal question might fairly be left to settle itself, but it reaches down into the very roots of our lives. You cannot proceed on the assumption that the economic policy of a nation has no relation to its national welfare."

All these considerations lead inevitably to the important questions discussed in the ensuing chapters. They resolve themselves on the economic side into the one question of a fiscal policy, and, such being the

case, it would be idle to ignore the fact that the advocates of reform have to attack and demolish the hoary entrenchments of the Free Trade, *laissez-faire* armies.

At the outset it is essential to insist upon the fact that this question of fiscal policy must be examined in the light of the unprecedented situation which has now arisen. To revert to old economic conditions after the war would be futile. Germany's conduct both before and during hostilities has made that impossible. Old methods of every kind have been tried and found wanting. Are our sailors keeping ward of the seas in those "wooden walls of old England" behind which Nelson and his seamen fought? Have we equipped our gallant soldiers in France with the bows and arrows and crossbows of mediæval England? On the contrary, our seamen sail the seas in the most up-to-date dreadnoughts equipped with the latest pattern guns, while our soldiers are armed with the best weapons of modern days; and in just the same way it is essential that in the trade war of the future we shall avail ourselves, not of the obsolete devices of a discredited school, but of the newest and most efficient weapons of economic warfare.

What too many either do not or do not wish to realise is that Free Trade is a myth. There is no such thing save in theory. We have had the name for many years, but never the actuality. This difference between the shadow and the substance has been artfully concealed by its devotees. They have been careful to hide the fact that what we really have in Great Britain is Free Imports, not Free Trade. They have been equally adroit in obscuring the further fact that Cobden's prophecy, namely, that our adoption of

Free Imports would lead to the opening of all the markets of the world, has not been realised. In other words, while we continue blindly to allow the productions of Germany and other nations free entrance into our ports to compete with the productions of our own workers, Germany and other Protectionist countries persist in laying duties upon British productions. Free Trade as visualised in the middle of last century is an unrealised ideal. “If,” Cobden declared in 1846, “you adopt free trade in its simplicity, there will not be a tariff in Europe that will not be changed in less than five years !” He it was, too, who deplored our colonial system, and rejoiced over everything which tended to lessen the connection between the Mother Country and the Dominions. Nor should it be forgotten that the Manchester school mistook the welfare of a section of the merchants and manufacturers for that of the nation, and were more concerned for the employer of labour than for the workers. One proof of this will suffice. When in 1846 legislation was initiated to reduce the hours of labour in factories, the stoutest opposition came from Cobden and Bright and their colleagues of the Manchester school.

These are some of the reasons why it is more than time Great Britain cast the Free Trade fetish to the rubbish heap. By so doing we shall gain what is vitally important to the welfare of the Empire, namely, the resumption of our power to bargain. Freedom of movement is essential for the general who is to achieve victory on the battlefield. It means that the offensive is in his hands, and that he can impose his plan of campaign on the enemy. The power to bargain is the equivalent weapon of the economic world. We

have no such power so long as our ports are open to all and sundry. We are helpless to deal with any situation which may arise through the wholesale dumping upon our shores of any and every kind of manufacture. To resume the power of bargaining, too, will enable us to cement that union with the Dominions which has been exemplified in common danger and heroic sacrifice on so many battlefields.

## CHAPTER II

“WATCHMAN, WHAT OF THE NIGHT?”

“It was a wise king who said that if he wished to punish a province he would deliver it up to the rule of political philosophers.”

AN economic system must be able to bear the strain of war, of national emergency, or the stress of adversity. If it is only suitable for fair-weather prosperity, it is not one upon which a great country like ours should rely. One must, of course, remember that the British mind is very reluctant to change, and generally slow to alter any system which it has accustomed itself to for some years, however essential and important an alteration of that system may be; yet it must be clear to all but those who refuse to open their eyes that we cannot, after the exclusion of our goods from foreign markets, allow foreign bounty-fed goods to be dumped on our shores with our hands tied behind our backs, and the power of fiscal reprisal taken away from us.

The fiscal policy by which we were decoyed seventy years ago lies a heap of ruins—a monument of broken promises and failure. Yet, although that is the case, we have had no definite ministerial statement of what is required to improve our present system permanently, nor whether the old one is definitely abandoned or not. What steps, in fact, are we about to take to replace

obsolete methods by a different commercial and industrial policy altogether? No doubt the party truce and other causes have blocked the way; but let us hope that the day is not far distant when a patriotic Government will decide not only to look into but to carry measures to safeguard the interests of our country and of the Empire in this vitally important matter.

One of the evils to which our industry has been subjected to its detriment has very often been caused by the "dumping" process so often referred to as an insidious system by which the foreigner thrusts his surplus goods on British markets, often under cost price, with the ultimate object of injuring or destroying our manufacture of those products. The following will serve as one example of the way in which it is done: A foreign manufacturer has enough orders to keep going two hundred looms out of, say, three hundred in his works. He does not, as the English manufacturer has to do, keep the other hundred idle. He commences producing goods with them for which he is practically assured of a market in Great Britain under our Free Imports system. The hundred looms have borne one-third of the working costs of the mill, and the manufacturer, by selling the cloth that has been made on them, has succeeded in driving out some trade from the British manufacturers in our home market. To that extent he has injured possible competitors in British and neutral markets, and moreover made a substantial profit on his sales in his own country, as the goods he sold in England paid their proportion of the establishment and management charges and charges for rent. Of course it is impossible to stop this, nor could we retaliate and charge import

duty on these goods unless we had a general tariff, as we have recklessly abandoned our power in that respect, and are therefore at a disadvantage either in bargaining with regard to commercial treaties or retaliating when our industries are attacked.

There are still some people amongst us who try to prove that dumping has its good side for the remarkable "rob Peter to pay Paul" reason; and whilst they are fully aware that dumping under cost price or at a minimum profit is not done for philanthropy, but with the ultimate object of superseding and destroying one of our industries, they attempt to claim that it benefits another manufacturing industry if the foreigner sells under that system certain by-products under cost price. This is indeed a short-sighted policy, equal to that of killing the goose that lays the golden eggs, for presuming that some of our manufacturers—those, for instance, who make tin plates—obtain from abroad for a short time some of their by-products under cost price, the sale of those by-products is, of course, in consequence stopped in the United Kingdom, and probably that manufacture ceases here. The foreign shipper immediately puts the price up to the tin-plate manufacturer; he probably also reduces the price at which he sells it in his own country, and the result of this is that he not only first destroys the manufacture of the by-product, but successfully competes with and probably injures very much the prosperity of the manufacturer of tin plates in his own industry. Regarding this short-sighted policy it is interesting to notice what Bastiat, the French economist, says, speaking of the difference between a bad and good economist:

"The one takes account of the visible effects, the other takes account both of the effects which are seen and also of those which it is necessary to foresee. Now this difference is enormous, for it almost always happens that when the immediate consequence is favourable the ultimate consequences are fatal, and the converse. Hence it follows that the bad economist pursues a small present good, which will be followed by a great evil to come, whilst the true economist pursues a great good to come, at the risk of a small present evil."

This war, or the economic preparation for this war, has in reality been going on for twenty years between this country and Germany. Hostilities really only reached their head when the armies met in the field. Within the last ten years the economic attack of Germany has been speeded up, and any pretence of "give and take" and friendly dealing thrown aside. That country resolved to get together the sinews of war, and resolutely set to work, with no inconsiderable success, to oust England not only from her markets in her Colonies and amongst neutral nations, but in the United Kingdom itself. Our business will be to recover the ground we have lost partly through our own apathy and partly through our ill-devised economic system, by which we recklessly threw open our own markets to the whole world in a spirit of trustfulness, with the expectation, not realised, that our good example would be reciprocated. In fact, we were persuaded by certain false prophets to be the victims of a sort of international "confidence trick." Our infinite belief in the good nature and generosity of mankind has not been realised; on the contrary, every step has been taken by fair means or foul to undermine



our industry, trade, and commerce, though fortunately, in many instances, without marked success. Whilst we claim that we should look at all questions regarding our trade, not as they appeared to people, however intellectual, at the end of the eighteenth century, but as they are in the year of grace 1917, it is interesting to note what Adam Smith, the founder of the system which, later on, Cobden and others more or less adopted in the middle of the nineteenth century, says of certain economic problems. "Freedom of trade," one may point out, was what he advocated,—"Free Trade" was a catch electioneering expression invented by certain agitators in 1846; nor would Adam Smith have adopted our present one-sided Free Import trade system. These are his words :

"The case in which it may sometimes be a matter of deliberation how far it is proper to continue the importation of certain foreign goods, is when some foreign nation restrains by high duties or prohibitions the importation of some of our manufactures into their country. Revenge, in this case, naturally dictates retaliation, and that we should therefore impose the like duties and prohibitions upon the importation of some or all of their manufactures into ours."

And again he adds :

"There may be good policy in retaliations of this kind where there is a probability they will procure the repeal of the high duties or prohibitions complained of."

Whatever certain doctrinaire disciples of the present system may say, they cannot deny the fact that the direct advantage of foreign or intercolonial commerce does not depend upon imports solely, but on both the

imports and exports of a country. It is equally a direct advantage to sell as well as to buy, for a nation in disposing of its surplus produce derives direct advantage from receiving commodities of an equal—and in many cases a greater—value in lieu of those exported, and after all, is not the mutual exchange of commodities produced by the different nations of the world the direct advantage of commerce?

Another thing that some of our political economists seem to have lost sight of in considering solely the importation of foreign goods as the principal aim of trade is that the trade between the town and the country of a State is by far the most important, much more so than the export trade. Whether or not the decrease of the population in Ireland since '46, that country being a great agricultural one, was caused by our Free Trade system or not we will not here discuss, but it is a fact to be remembered that there are in Ireland now nearly four millions fewer people than there were then. A large part of that population emigrated to the United States, and, of course, only add slightly in consequence to the internal trade or prosperity of the United Kingdom. As has been previously said, we must look at this question as it affects the world to-day. The teaching of political economists for the last twenty or thirty years has been completely out of date, and is now as obsolete as if our medical and surgical schools were to train their students in the light of the scientific knowledge which obtained in the reign of good Queen Elizabeth.

One of the largest markets of the world for manufactured products is South America. Until the beginning of this century our position there was a very

strong one, and to the Argentine and other South American States our trade is still considerable. We have, however, to meet very strenuous competitors in the field, and Germany, amongst others, has to a large extent devoted her attention, in the most diligent way, to South America, both on the east and the west coasts, and, aided by a very up-to-date and efficient consular service, has achieved considerable success. By subsidising customers and by facilitating trade in every way, including what we consider, and probably rightly consider, dangerously long credits, she has obtained large control of the trade in places where we had once a considerable market, and, in some instances, almost a freehold. Unless we make some change in our system we shall not recover the ground we have lost there. A remarkable instance was also mentioned in a debate by Mr. Fell in the House of Commons, who stated that at Rangoon in the British Colony of Burma there were a number of rice firms which were German. One of the partners in one of these firms told him that he made £5,000 a year at this business with the greatest ease, and added, "Why you English allow us to come in this way and steal your business and become prosperous in what one would have thought would be an English preserve passes my comprehension."

All industries and trades have fluctuations, and, obviously, there are many reasons which cause works to be removed from one district to another. Still, the following instances of failing manufacturing trade from the Newcastle and also from the London districts are barely satisfactory. In 1911 Sir Benjamin Brown wrote :

"When I came to Newcastle as an employer forty-two years ago, I had occasion to meet all the engineering employers in Newcastle and Gateshead about matters which concerned us all. I have kept an account of all the businesses which are represented, and I find two-thirds of them have perished disastrously."

The London instance is as follows: A few years ago, about 1912, the Thames Ironworks, the last survivor of the great engineering firms which were so numerous in the once prosperous shipbuilding centre of the Thames, was closed, throwing enormous numbers of men out of employment. This was caused, in our opinion, not by foreign competition, but by constant strikes, and by the very high rate of wages which the men demanded in the London area in comparison with the rates charged elsewhere. These conditions, together with the higher cost of iron and coal in the London area, made it impossible for the employers to quote prices which would enable them to compete successfully and get contracts. This came to the writer's knowledge when, as a member of Parliament for a division of London some years ago, he went with a deputation to the then First Lord of the Admiralty to ask that in the granting of certain Government contracts for shipbuilding or repairs of ships by the Admiralty the claims of the London shipyards should not be overlooked.

Our efforts to safeguard our commercial and industrial undertakings by recent legislation have proved very ineffectual. Company Law, Patent Law, Trade Mark Law have been eluded with the greatest ease by our competitors abroad, especially in Germany.

Can it be believed that a limited liability company, formed entirely with foreign capital and controlled by foreign directors, employing not a single British subject for its office or works, and selling foreign goods, can be registered in England as a British company? The time has surely come when the country should adopt the practice of insisting upon the constitution of every trade firm being made public property. The names of the partners in private firms should be on their notepaper, and public companies should give much fuller information as to their real ownership than they do at present. The Patent Law recently passed enjoins that all patents should be manufactured "to an adequate extent" in the United Kingdom, but it is evaded and set at naught by foreign firms with impunity in the following way: By establishing some small or insignificant factory in the United Kingdom which produces not a tenth of the sales of their patent article in this country, or by their making abroad all their goods imported here, and simply giving them some slight "finishing process" on their arrival in England in order that they may pretend to comply with this Act, whilst in reality they ignored its provisions. The latter, it should be remembered, were framed with the intention of making the foreign manufacturing firms pay their fair share of the country's burdens by establishing *bona-fide* works in this country to produce the patented product protected by our laws, and with the all-important object of giving employment to British labour.

The evasion of the Trade Marks Law is usually accomplished without much difficulty by the following artifice on the part of our foreign competitors: As

this law enacts that an article bearing no word of English need not have any indication of origin, wherever possible the foreign goods are sent here without having anything printed on them. In some instances, as in the case of jewellery, the goods are of too small a description to have the words "Made in Germany" stamped on them, so it is simply put on the wrapper, which is duly thrown aside, and many goods, it is said, sold in this country and stamped with the names of British firms are in reality made in Germany, not improbably by forced prison labour or by the work of employees working under the sweating system of hours and pay.

The only practical remedy would be for all goods made in Great Britain to have a compulsory stamp on them to that effect, this trade mark to be applicable only to goods made wholly in this country, and for the purchaser wishing to buy British goods to see that he gets them, and to make the sale of goods by a trader who certifies that they are all British, but are in reality not so, liable to prosecution under the Statute of Frauds.

It has been advocated by some that there should be National Banks started with headquarters in London, and branches elsewhere, and trade centres to assist industrial enterprise, these to be to some extent under the patronage of the State. Such an institution, if required, should, however, be self-supporting, and further, it would be contrary to public policy for a State-aided bank to enter into the field of competition with the existing banks. It would be, in fact, a loan agency on a large scale, and it is not within the province of the State to be its sponsor. If, however, it

were started by private enterprise, it would probably meet a want, unless the existing banks thought fit to enter this field of commerce, when its utility would be less apparent. The Prussian Central European system of banking is, that though they have a comparatively small portion of liabilities to the public as compared with the English Joint Stock Banks, they are often in times of industrial crisis very much embarrassed. There have been in the last fifteen or twenty years no crises in England in this respect, whereas in Germany there have been several very severe ones. It must be borne in mind that the German banker shares in the profits of the industry he supports and also in some cases in the losses. These banks are, therefore, part and parcel of the industries of Germany. The London banker, as a rule, is essentially an internationalist. In an indirect way, by means of the discount of bills endorsed by the Deutsche Bank and other well-known German banking firms, the British Joint Stock Banks, prior to the war, lent money to build up and support dozens of German industries, some of which, probably, soon became prosperous, and outstripped their British rivals, who were unable to obtain similar banking facilities. Being the international bankers of the world, our bankers have to keep their assets in a liquid condition, and cannot, therefore, finance the industries of the country in the same way as the private banks did.

It has been estimated by the economist that the commission business, which is the result of our international position in the money market, is worth some £30,000,000 to £40,000,000 a year. In the interests of that international business the amalgamation of

banks has taken place in this country, and we have now simply a few groups of large banks, and, as has been previously said, it appears well worthy of consideration whether these banks, without throwing aside their great international system of banking, might not devote a part of their capital to starting commercial and industrial banks in different parts of the country.

Whilst on the subject of banking it might be well to notice the question of the onus of the enormous national debt we are incurring. Making all allowances for the immense sums we are now spending, it has been estimated that our national debt is not likely to exceed one year's national income. A hundred years ago our forefathers had a national debt which was equal to three years' national income. It would be wise, however, to spare no effort when the war ends to economise, as far as practicable, on our imports, and no doubt efforts will be made in that direction, more especially in regard to luxuries. The great problem we shall have to face when the war terminates is whether the Allies, or those to whom they are now opposed, will recuperate most quickly, and be able to take either the offensive or defensive in the commercial struggle which will then ensue. Presuming the war ends within three years, we must be prepared to face an annual expenditure in the United Kingdom of £300,000,000, and, should it last longer than that, even a larger sum. Half the sum named would be required to meet the annual charges on the debt. In this calculation, however, no allowance has been made for a sinking fund or pensions.

One must remember that success in trade does not



come to those who refuse to profit by the experience of their neighbours. Great Britain has shown no lack of enterprise in the past, and she outstripped in the commercial and industrial competition of nations all her rivals up to the middle of last century, since when others have rapidly come up to her, and in some kinds of business, such as the iron and steel industries, have outstripped her. We must examine the cause of this, and see if we are suffering as a result of slavishly following the fetish of Free Import trade; or owing to a lack of cohesion between capital and labour, or between finance and industry in this country; or in consequence of not giving the same attention to organisation, technical science, and education as some of our rivals, or for any other reason. If we find that our unworkable system has been the cause of our rivals' success, we must boldly and bravely—as did the Japanese in the seventies of the last century—cast aside antiquated methods and deep-rooted prejudices which we see are out of date, and adopt what we find good in other nations and other peoples, even those who are now our enemies. It must be borne in mind by all that we cannot exist as a great Power solely as suppliers of cotton goods, traders, agents, and bankers. This country must not only be a great, but a general producing country, both in agriculture and manufacture. We have to purchase, whether we like it or not, more than half the food we require from abroad.

The Americans, who produce more food than they require for their own consumption, if blockaded would have a superabundance of food within their borders, as they would lose their export markets, and, in

consequence, would retain in their own country the food they usually sent abroad. Were we blockaded in reality, and not merely on paper as at present, as soon as the accumulated stores we possessed were exhausted half the people would starve. What we require is a national business policy based on practical business lines framed for the benefit of the whole community—the workers engaged in all industries as well as the fixed annuitants. There is the more necessity for a thorough and practical business policy inasmuch as when this war ends, the German exchange will have fallen, and in order to raise and steady it her merchants will set about extending and selling the large quantities of manufactured goods which they have accumulated in many directions during the time their export trade has been almost completely stopped by our blockade. This will flood the world with low-priced goods, and throttle the recuperation of the commercial and industrial activity of the Allies in their home and neutral markets, causing, unless drastic steps are taken beforehand, great suffering to the industrial classes amongst the Entente Powers.

It has been a matter of general astonishment that, although we are a commercial nation, the professors at our Universities should teach economic science largely as an abstract question, basing their teaching almost entirely on theory, as if they were educating the student not for this planet, but for another, in a more Utopian world. The historical economic lore of the eighteenth-century professors is drummed into the students' ears, together with what those authorities thought the trend of the somewhat primitive condition of trade and industry would take. This was the

case when the present writer was up at Cambridge many years ago ; apparently there is little, if any, change in that respect at most of our Universities to-day. The curriculum was very narrow and very restricted, and consisted in hearing lectures based on works which we had to study, dealing with the views of political economists of the eighteenth or early nineteenth century. Several of the undergraduates of that day chanced to be the sons of large manufacturers in the north of England, young men who, when at home during the vacation, heard their seniors talk of the condition of British industry and trade, and their opinion of the "dreary science" was very much the same as the one here set forth, that it was thoroughly unpractical and not up-to-date. However, when the examination took place, they probably, like himself, kept their own private views to themselves, and answered the questions in accordance with the doctrines set forth in the textbooks and expounded by the lecturers. But most of them do not appear to have been so successful as the present writer, who obtained a first-class in that science. This old-world system is rather like the way the Chinese appear to have trained their young military officers in the year 1880. Amongst other tests these candidates who were being examined for commissions had to undergo was that of proficiency in the use of the bow and arrow ! On one occasion, whilst at Canton, the author was present at an inspection of a division of the Chinese army. The men were fine, well-set up fellows, they did their old-fashioned drill well, and their uniforms and accoutrements were serviceable. Every company seemed to have half a dozen flags or pennons, and the words of

command were given by flag signalling. Their arms were archaic. Some of them had flint-lock arquebuses or gingals, which rested on the front-rank man's shoulder when the rear-rank man fired his weapon. Others had slightly more modern muzzle loaders; there were breech loaders of every date and army under the sun, some of them being the German needle gun of 1866, others the French. There was also our first breech loader. Whatever system they had of supplying and keeping available ammunition for use on active service or manœuvres, the task of the officer who was in charge of their ammunition must have been almost an impossible one.

There are many other ways in which we must boldly advance to place our industrial and agricultural sources of wealth on a sound basis. Every effort should be made by up-to-date methods to seek fresh openings for our trade both at home and abroad. The interests of both employer and employees are mutual, and not antagonistic, and everything that tends to their mutual co-partnership is to the national good, while it lessens the possibility of strikes and lock-outs which have been too frequent in recent years. Let those who call themselves either statesmen or politicians in this country realise that this question of our imperial and national trade is purely an economic one the solution of which, in times of peace and in times of war, is for the benefit of the Empire as a whole, and the United Kingdom as part of that whole. It should, therefore, be treated as a strictly non-party question. Mr. Bonar Law, now Chancellor of the Exchequer, said at a meeting of the Associated Chambers of Commerce held last April :

“I do not believe the people of this country will ever allow the Germans to exploit the markets of the Empire as they did before the war, and that all questions relating to our future trade policy will be considered from a new starting point” ;

and, having pointed out that Adam Smith's words were true (“security must be regarded as greater than opulence”), he went on to say that he deemed it our duty, and he would certainly deal with matters relating to our trade policy in that spirit, to see to what extent—

“we could get agreement, and only if agreement is impossible should we have to fight about it, and when the time came for reconstruction we ought not to quarrel more than we can help.”

There is no doubt that we must look at this grave economic question from a business point of view, and discard all the idealistic, sentimental, “good example” theories and other discredited dogmas of the past. When we have a carefully framed import tariff, and have recovered our bargaining power, we shall be in a position to give or receive concessions from Greater Britain, our Allies, and other nations. We shall be able to look at the question from a general standpoint as to the possible benefit that would accrue to all the interests involved.

There are many industries which we should again restore on as large a scale as possible to their former importance, including the manufacture of aniline dyes, glass, automatic machinery, silk, optical glass, typewriting machines, machine tools, pharmaceutical requirements, guns, sugar refining, the margarine in-

dustry, and others. At Warrington, for instance, many years ago there were three flourishing glass works and one manufactory where they made machine tools. Even then their owners complained of the dumping system and the unfair foreign competition, and they all, unhappily, have since then had to give up their works and discharge their workpeople. It must be clearly seen by anybody that if a manufacturer does not find his works pay, he first discharges some of his workpeople, then possibly he endeavours to reduce his establishment charges, and is in consequence unable to keep his works as efficient as they previously were. If in the end he finds that he is still losing money, he has reluctantly to give up his business altogether. Of course, as was previously mentioned, it would be best if all parties in the State would unite to place our industrial and commercial interest on a firm basis, but have we any sign that such will be the case? It seems well that the importance of this matter should not be swept aside in favour of questions which are more sensational, but really less vital. With what confidence can a British manufacturer now either enlarge or improve his works or machinery if he is not safeguarded against the unfair attacks to which he was subjected before this war commenced?

It is clearly essential, if our industrial activity is to advance progressively, that we should have the latest and best methods of production, modern machinery in our works, and in many manufactories advanced technical science and efficient analytical chemists. We have to hand the requisite means of transportation in the shape of railways, roads, and our mercantile

marine, while the natural advantages of England for commerce are extremely favourable. Our island has a temperate climate suitable for manual labour, it has good harbours around its entire coast, and many navigable rivers. In addition to this we possess in the British Empire large and numerous dependencies, which give an outlet to our surplus population, where we ought to find lucrative employment for our capital and markets for disposing of our products as well as for supplying our wants. To these natural advantages we can also add the fact that England is an old-established country, with a settled form of Government, and that its inhabitants are a strong, enterprising, and, as a rule, industrious race, enjoying perfect liberty, perfect security of property, and perfect administration of the laws. This country ought, therefore, to be second to none in commercial prosperity. In regard to the transport of heavy goods in the interior of the country and to the ports, many of the canals are of slightly antiquated construction, and the fact that the locks are of different gauge very often causes a break of the bulk to be imperative in the transmission of merchandise. We are at some disadvantage in that respect in comparison with France, Belgium, Holland, and other countries, where, as a rule, uniformly constructed canals are to be found under the control of the various Governments, and where the charges for freight are, as a rule, considerably less than those levied on the English canals.

There has been in some quarters a suggestion that prohibition of our imports from certain countries would be the best mode of dealing with the industrial competition we shall have to face in the future, and

curiously enough, this idea emanates from those who have identified themselves prominently with the policy known as Free Trade. Have they ever considered that prohibition is virtually protection in its strongest form, and, of course, the very antithesis of a Free Import system, or have they made this proposition knowing that any such proposal, if carried into effect, would be merely a temporary regulation? The inducement to evade it would be great; certificates of the origin of goods would lead to endless disputes, and the goods from countries which do a large transit trade, such as Holland, Belgium, Denmark, or Switzerland, would be constantly, rightly or wrongly, under suspicion at our ports of entrance. In the case of a tariff, evasion is very seldom tried, but if there were absolute prohibition there would be greater inducement to attempt it. The originators of this prohibition idea have been credited with its advocacy in order to "side track" the sensible and practical plan of a carefully framed General Import Tariff being charged on commodities at our customs.

Many reforms might be carried through, no doubt, which would aid our industries and trade, such as improvement in our Company Laws, as previously indicated, the adoption of the metric system, and the increased study of foreign languages and customs. Our manufacturers might also learn to adapt their goods to the requirements of the people to whom their agents sell them, while our consular service might lay itself out more than it has done to assist British trade. All these, however, are minor changes, useful though they would be if carried out. The main thing to be kept in our mind is that without a thorough change in



our fiscal system, no other remedy would be anything more than a slight palliative. That change must be made to meet the altered condition of the world's system of industrial and commercial competition. You cannot build a house without foundations, and the foundation of trade is the power to bargain. Many people who touch on this question only seem to deal with the fringe of it, and try to evade the difficulties they must see by making proposals of sometimes a useful, but nearly always of a comparatively trivial character.

A few years ago unemployment was rather more prevalent than usual in this country, as many of our centres of industry were short of work, and there was a certain amount of discussion going on in regard to our system of trade and tariffs. About this time Mr. Haldane (now Viscount Haldane) addressed a meeting on those topics at the Caxton Hall, Westminster. The discourse lasted for about two hours, flowing on like water down a meandering brook, or oil being poured from a barrel; the words were well chosen and the sentences carefully turned; but the hearers were not much enlightened as to what he really thought on the subject they had all come to hear about, or what practical remedy he advocated in order to encourage trade and industry in this country. In fact, the only suggestion he threw out, besides the advantages of increased facilities for technical education, which no one disputes, was that it was desirable to remit the excise duty on alcohol used for manufacturing purposes, and that amongst other products which could be thereby manufactured more cheaply were synthetic billiard balls, which, we were told, were an excellent

substitute for ivory ones. Whether the unemployed were to manufacture these rather superfluous articles of commerce, or to employ their spare time playing billiards with them, he did not explain.

Clearly permissive legislation in this country is nearly always a failure. Had the Daylight Saving Bill been made only permissive instead of obligatory, it would never have come into use as smoothly and satisfactorily as it has done. Touching on that subject, reference might be made here to a step we should not delay in taking for the purpose of encouraging our commercial relations with two of our Allies, namely, France and Italy. We should alter to the metric our old-world and highly complicated system of weights and measures, and let us hope that Russia will also effect the same change. We have made many efforts to do so before now. In 1862 and 1895 selected committees of the House of Commons inquired into the matter and most strongly supported its adoption. Its terms of reference of the latter committee were to inquire whether any and what changes in the system of weights and measures should be adopted; the seventeen members included Sir Henry Roscoe, Sir Samuel Montagu, Mr. Justin McCarthy, Sir Albert Rollit, Mr. Alban Gibbs, and the author of this work, and their findings may be indicated in the following summary of the report :

The Committee received evidence from witnesses representing official, commercial, manufacturing, trade, educational, and professional interests; also resolutions in favour of the change from numerous Corporations, School Boards, and other public bodies. Almost all the witnesses expressed strong opinion as to the

complicated and unsatisfactory condition of our present weights and measures, which was a distinct and serious drawback to our commerce, especially our foreign trade. The evidence, moreover, went to show that not only was our foreign trade in every branch seriously handicapped, but that the home trade would be benefited if more simple and uniform standards of weights and measures were adopted. Evidence from competent witnesses showed that a compulsory change from an old and complicated system to the metrical system had taken place in Germany, Norway and Sweden, Switzerland, Italy, and many other European countries without serious opposition or inconvenience ; that it was carried out in a comparatively short period, and that as soon as the simple character of the new system was understood it was appreciated by all classes of the population, no attempt being made to use the old units or to return to the old system.

Finally the Committee recommended :

(a) That the metrical system of weights and measures be at once legalised for all purposes.

(b) That after a lapse of two years the metrical system be rendered compulsory by Act of Parliament.

(c) That the metrical system of weights and measures be taught in all public elementary schools as a necessary and integral part of arithmetic, and that decimals be introduced at an earlier period of the school curriculum than is the case at present.

This was in July 1895. The sole result was a Bill "to legalise"—that is to say, make permissible—the use of "weights and measures of the metric system,"

and it became an Act of Parliament (60 and 61 Vict. ch. 46), August 1897. There was no clause to make it compulsory, and we find ourselves still suffering to-day from the greatest hindrance to our trade in many of the most important open markets of the world, notably in Latin America, to say nothing of a quite needless amount of work and expense to our shippers and manufacturers in their dealings with foreign States. It is to be hoped that this useful and practical reform may not be much longer delayed.

Our country is, or may we now correctly say has been, committed, to use a current expression, to a "wait and see" policy. Our principle has been that once we make up our minds to take a certain line, whether we find it right or wrong we stick to it, but the time may arrive when we shall have to decide whether our commercial system exists for the good of England or whether England exists to prove the correctness of the theories of certain political economists. Put what adjective you choose before the word "trade"—"free" or anything else—it consists solely, as a matter of fact, of the mutual interchange of commodities. Free trade is at best but an abstract proposition, and even its disciples have to admit that only one nation on earth, namely, Great Britain, has seen fit to adopt it. It becomes simply free-import trade to ourselves; nor have we left even the most flimsy fence to safeguard the just interests of our industrial population, so complete has been our sacrifice at the altar of the Early Victorian school of economic theorists. Owing to this fact our industrial and banking position had to endure a severe strain at the beginning of the war, and for some time we had

neither sufficient products to our hand for munitions of war, nor even khaki dye for the cloth of our soldiers' uniforms. Contrast our position with that in which our enemies, who were completely prepared, found themselves. That our industrial system was defective when war broke out is obvious. It is equally unsuitable for times of peace, as, owing to the fact that it is completely defenceless, and without power of reprisal, it invites attack and the economic warfare of our enemies. We therefore doubtless run the risk of depression to our industries and consequent unemployment and distress. We must recollect that commercial rivalry and the battle for trade never cease betwixt the industrial communities of the world.

## CHAPTER III

### DANGERS OF ECONOMIC DEPENDENCE

“ Had the British Navy failed to prevent from the outset the egress of the enemy’s fleet from German waters, or had the latter’s submarines been far more numerous, the threatened starvation of Great Britain might long ere this have spelt national humiliation and defeat.”—*Speech by Mr. Charles Bathurst, M.P., in the House of Commons, February 1916.*

TRADE interest and national welfare are so intertwined that they cannot be treated separately. Quite apart from the idea of a self-contained Empire there is the idea of Britain as a fully organised nation, as completely organised as any nation in the world, in an economic sense. No one openly advocates that the national policy shall be only one of drift, though there are certain persons who by their attitude seem to resent any attempt to steer the ship of State along a definite course.

The industry which has the most important bearing on the welfare of any country must be agriculture. Taking the last clear year before the war we find that we imported into the United Kingdom food, drink, and tobacco to the extent of £290,000,000 ; raw materials £282,000,000, and manufactured articles £194,000,000, whilst our imports of agricultural products, which are also in part produced in this country, were £242,000,000

less £46,000,000 for re-exports of which the British possessions sent us £91,000,000. Eggs and poultry are imported to the value of 10·7 millions, of which only a very small fraction come from British possessions.

During a European war of the first magnitude we appear to have tacitly accepted certain risks ; firstly, a grave limitation of our food and other supplies, and also the withdrawal of our Navy from its first duty to that of watching and protecting the various trade routes. If we produced more agricultural food-stuffs within the British Isles we should effect a further insurance of our safety over and besides any that the naval and military forces of the Crown afford.

It has always appeared a mistake on the part of the economists and political agitators in the middle of the nineteenth century, between 1840 and 1850, that they utterly ignored agricultural interests, and left the State dependent for the material wealth of our nation entirely on the manufactures and commerce arising therefrom, for a State relying solely on manufactures is not as stable as one which has a dual security for its prosperity, and has, in consequence, a larger field of employment for its labour.

What is really required is a well-considered national policy for the utilisation of the land of the United Kingdom, and also one which will both preserve and increase our manufacturing industries. Let us take a lesson from what we have seen during the present grave contest. The strength that Germany has shown and the power to maintain the offensive even when cut off to a large extent from her foreign trade are, in

a great measure, due to her policy of thoughtful preparation. She has made the most of her natural resources in all respects ; nor can we shut our eyes, as an island Power, to the fact that submarine warfare has greatly developed, and may, in future, develop to an even greater extent. That being the case we ought to consider the possibility of having to face at some future period in our history a blockade of the British coasts of so stringent a character that only a few ships could slip through. The consequence of our great neglect of agriculture in the past has been the migration of a large proportion of the agricultural population to the towns, which, during times of depression, has caused a congestion of the labour market, and developed discontent. After this war there will be, as after the Franco-Prussian War of 1870, at first, ample employment to replace the wastage of war. That, however, may be only a temporary revival of industrial activity. We shall really have to ask ourselves whether a review of the whole national policy has not become necessary. The heavy expenses which we bear for our Army and Navy are in the nature of a national insurance. We may also have to insure in another direction by taking steps to maintain an enhanced food supply.

Anyone who will compare the amount of rates and taxes levied on land with any other description of property of similar value will see what an unfair proportion it bears, and that those who levied it appear to have been blind to the fact that land must be the matrix of all food which can be produced in the United Kingdom or anywhere else. It is also to be taken in account that the greater part of this taxa-



tion was piled up on to the country by the middle-class trade community in the last century, a large proportion of whom had strong views about the so-called landlord interest to which they were in political opposition. These men appear to have lost sight of the fact that whilst they were injuring the landlords, their policy would cause the country to be less self-supporting in consequence of the land not paying adequate remuneration for its thorough cultivation, and that they were driving from the country the sturdy yeomanry and peasantry of the United Kingdom and causing them to emigrate, or to join the ranks of the unemployed.

The influence of the price of wheat on the price of bread, it may be here stated, has been grossly exaggerated. The charge for carriage is a very material consideration, also the cost of labour in the milling, baking, and distribution, and the profits of the middleman and his workmen at each stage. The rent of premises, the burden of taxation, and other countless matters also enter into the actual cost of the bread as sold by the retail baker, including his rental, taxation, and general expenses, so that the reimposition of the registration duty in 1902 did not raise the price of bread; on the contrary, after its remission, its price and that of flour rose. Probably that rise might have been caused to some extent by the opinion getting abroad, as was actually the case, that less home-grown wheat would be raised in this country to compete with the foreign-grown grain.

The cost of food and the necessities of life are not less in the United Kingdom than in normal times they are in protectionist countries. For instance, in the

United States of America, where the writer made inquiries on his last visit four years ago, it was found that whilst the rate of wages was, as a rule, nearly double that which obtains in the United Kingdom, the cost of food was about the same. The free-trade juggernaut which has swept over the land since about 1850 has only succeeded in allowing the foreigner to push aside and destroy many useful and prosperous British industries and manufactures, but has not decreased the cost of food at all.

During the Crimean War of 1855 we had, as now, to import a great deal of wheat. The sea was open to us as it is at the present time, submarines had not been invented, and mines were then in their infancy, and yet the price of bread rose then to 74s. 8d. per quarter. During the present war it has reached the sum of 82s., and yet we hear nobody making an outcry on the matter, and issuing flamboyant posters, as they do during elections, about the big and little loaf of the political fable. We owe the high price of bread in war time entirely to the fact that we only grow food for one-third of the population. Bread was less than half the price it is now under Protection in the "hungry forties," as they were called. A great deal of capital was made at that time out of the depression of trade, but that was not caused by the price of bread, but by the money famine resulting from the action of the United States in decreeing that all payments to their Government were to be made in specie for purposes of land, etc., and also from our faulty bank Acts of that date. This caused industrial trouble and a great want of employment, and the people had not the money to buy bread, though there

was plenty to be sold at reasonable rates. Looking farther back to the year 1765, under stringent protectionist corn laws the price of wheat on the average was only about half what it is now under so-called "Free Trade," and averaged 33s. 3d. per quarter. In 1888 wheat was cheaper in the Colony of Victoria, Australia, where the duty was 9s. 8d. per quarter, than it was in New South Wales, where it was free, as the absence of a duty discouraged the growth of wheat in that colony, and a great proportion of it had to be imported from other places.

We have had commission after commission to inquire into the depression of agriculture, and all these commissions of 1879, 1885, 1893, and 1897 give evidence in their reports of the unsatisfactory condition of the land question in the United Kingdom. In the supplementary report of the Royal Commission of 1897 it is stated that the majority of witnesses gave evidence that the only effective remedy for the depression of agriculture was a return to Protection, and that any other suggested proposals were merely temporary palliatives. Had Adam Smith been aware that the import of grain would have been 1,800 times as much as that on which he based his conclusions in regard to the abolition of the corn laws, it is very doubtful whether he would have made such a suggestion, yet that is the increased proportionate import of food in the United Kingdom since his day.

The prophecies made by the advocates of our present fiscal policy have hardly been fulfilled in such a way as to inspire confidence in that policy. Cobden during his agitation in support of Free Trade stated that "not an acre of land would go out of cultiva-

tion." In regard to that one would remark that more than three million acres of corn and crops dropped out of cultivation between 1871 and 1907. Again it was stated, "Sufficient natural protection would be given to our agriculture by the cost of freights and charges on imports." This is not borne out by the facts. In many cases the cost of transport from the Continent is less than the transport by rail from many parts of our country to London.

Anyone who looks into the question will see that no industry has suffered so much from unrestricted free imports in this country as agriculture, and, as we have endeavoured to show, no industry has been so completely the victim of miscalculations by the original free-traders. We are going backwards in all that constitutes the real strength of a nation. No doubt we have accumulated wealth, a large proportion of which was made during protectionist times, and in the present abnormal times we are making money chiefly as middlemen. That is to the good, no doubt, but the people's welfare is much more important; and having destroyed to a large extent our greatest industry, the backbone of any industrial community, namely, agriculture, we are, in our worship of temporary cheapness, watching with folded arms and fantastic resignation the gradual underworking of our manufactures. The only satisfactory thing that has come to light respecting agriculture during this great war is that the British consumer has been protected from a rise in the price of meat which would have made it a rare luxury for the vast masses of the population, only by the policy which is maintained and encouraged of the breeding and feeding of stock in the United Kingdom.

Many will ask, "What has the Government done to encourage the home production of meat?" The answer to this is that the restrictions first imposed by Mr. Walter Long on the importation at our ports of live animals into the United Kingdom early in this century have been continued, in consequence of which their coming here has practically ceased. Thus as a Government Commission appointed by the present Board of Agriculture have had to acknowledge, the result has been (to quote the words of their report), "that the only way to get cheap food is to develop and protect the home production."

It is a matter of satisfaction that this Commission has seen fit to acknowledge that self-evident proposition, for it seems obvious that the breeding of live stock on one side of the world and their consumption on the other is neither, as the Cobdenites would claim it to be, "a design of Nature," nor is it practical common sense. Our farmers have had some confidence in consequence of this prohibition of the importation of live stock, and they have, in consequence, increased their stock of cattle. Confidence and security are, indeed, the life-blood of agricultural or manufacturing industry. Even Mr. Cobden himself, speaking in London in 1845, acknowledged that fact when he said: "It is admitted by the highest authorities in the land that capital shrinks from insecurity of tenure, and we have not in England that security which will warrant men of capital investing their money in the soil."

If that was the case then, how much more is it so now! Our oldest and greatest industry has been allowed to gradually dwindle and fail. An effort

should be made in this country by those interested in production, masters and men combined, to organise themselves and take all the necessary steps to let the Government of the day understand that their interests cannot be ignored for the supposed temporary advantage of the consumer. What we really require is not a temporary cheapness caused by the dumping of goods or for any other cause, but a continuous supply of produce and articles of commerce at a steady rate.

With this combined effort on the part of the producing community, one of the first objects to be attained would be a gradual understanding between agriculture and labour, and also united action amongst the manufacturing interests. By their combined action the Government could probably be induced to establish a system of tariffs by means of which we should have freer trade. If we established more of an equilibrium between direct and indirect taxation, such as was once the case in this country, we should receive a great part of the large revenue which we now require from the foreigner through his paying custom duties on our imports, as well as raising money more easily and in a way which would give more impetus to thrift and economy than unduly heavy direct taxation would be likely to do. Another result would be, not, as some allege, that by Protection we should shut out foreign goods from our markets, but that a number of industries would be revived in the country by the feeling of increased confidence in the prosperity of manufacture.

After the South African War, when our troops who were engaged were few compared with the millions now in the field, our returning soldiers sought in great

numbers an outdoor life on the land, and could not settle down after their campaign to manufacturing or commercial life. So it will undoubtedly be after this war. If these discharged soldiers cannot find an outlet for their energies in agriculture in the United Kingdom, they will emigrate. Should that emigration assume very large proportions we should lose immense numbers of the most active and enterprising of the population, besides which, those who remain would have to bear the increased burden of taxation. Therefore it would seem a wise policy to use every effort to employ to the fullest extent this undeveloped national asset.

One way to increase the demand for employment in the United Kingdom, and at the same time to increase our food supply, would be by an intensive cultivation of the land. The increase of our food supply, the need for which is becoming yearly greater, would naturally be of great national benefit. We shall have to work harder to make up for the wastage of treasure caused by the war, and no effort should be spared to find useful and remunerative employment within the United Kingdom of a productive character. There is no doubt that many of those men who are discharged from the Army and Navy at the termination of the war will be very well adapted for, and will quickly acquire proficiency in, agriculture or any other industrial calling. The senior service has been credited with possessing "handy men," but in the Army, and especially in the scientific branches of it, namely the artillery and Engineers—and now, we should add, the Flying Corps—as well as in the cavalry, guards, and infantry, there are a very large number of men cap-

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able of adapting themselves to any matter they set about. When in 1915 the author was commanding a divisional ammunition column of the R.F.A. of the New Army, the quickness with which the men learned their various duties was most satisfactory, without referring in detail to their purely military work such as learning to ride, drive, gun drill, range finding, sketching, signalling, musketry, mounted and dismounted drill, horse and mule keeping, and entrenching. Many of them were sent to go through courses, and most of those passed as farriers, shoeing smiths, saddlers, fitters, wheelwrights, telephonists, etc., while others, of course, had to work as tailors, cooks, butchers, haircutters, and mess servants during part of their time. The men who have gone through their duties in the Navy or Army during this stern time will have also learnt discipline, and the value of co-operation and of helping one another under all circumstances, and of taking things as they come without complaining, and most of them should, therefore, prove very useful in civil life. It ought not to be impossible to settle large numbers of them in small holdings on the land.

The decline of British agriculture during the last forty years has been marked, and the gross production of the soil of this country has been gradually declining since 1892. There has been practically no reclamation of the areas of waste land in Great Britain of recent years ; a vast amount of arable land has been turned into pasture, so that since 1872 there has been a decrease of no less than twenty-six per cent. of arable land, or from over thirteen million eight hundred thousand acres of arable land to, in 1914, about ten



million three hundred thousand. This was caused by the heavy fall in prices which set in about forty years ago and continued till a few years before the war. The smaller amount of arable land has caused a diminution in the number of sheep kept, as they are largely fed on root crops. On the other hand, there has been an increased head of cattle raised. In value, however, the increase in the number of cattle only about balances the loss on the fewer number of sheep.

Land under the plough produces, besides the grain grown for human food, the same amount of sustenance for cattle as the same acreage under grass. During the last forty years it is stated that six thousand men have left agriculture, and three and a half million acres of arable land have been turned into grass. This number would have been greater but for the fact that many of the men transferred their work to market gardening, fruit, or flower growing. On the other hand, self-binders and other newly invented agricultural machines have enabled the farmer to work his arable fields with fewer hands ; also many of the best men have gone into other callings or have emigrated.

England has adopted a policy similar to that carried out by the executive of the Roman Empire just before its downfall, *i.e.* heavy direct taxes, contracted currency, and dependence on foreign nations for the supply of food. Essex was once one of the chief corn-growing districts of England. Unfortunately that is a thing of the past now. The Campagna was in ancient times the source of the supply of corn for the Romans. That also ceased, and the Romans depended on supplies from abroad. In the days of the

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Emperors somebody evidently raised the cry of "the big and little loaf" in Italy, and in consequence the rural population has disappeared, and the land has been left uncultivated.

Since 1900 there has been some increase in the price of cereals and stock, and a better inquiry for land and for farms when the latter were to let. Since 1910, also, agriculture has been slightly less depressed, and this continued up to the outbreak of the war. In addition to this, labour has, in recent years, been able to secure better wages.

But the farmer has felt little confidence in the permanence of the improvement in the price of his produce since 1910, and arable land has continued to be turned into pasture. A large number of farmers possess little capital, and look on their occupation simply as a means of livelihood. Though there are brilliant exceptions, most farmers do not carry out the modern scientific mode of making the most of the land, and have not taken advantage of the technical education which has been at their service for the last twenty years. Many of them hold more land than they have capital to develop properly, and use it more as ranchmen than as farmers. The industry does not attract many of those seeking for a fresh opening. Men engaged in it prefer a certain though small return for their work and capital, and do not wish to embark on any adventure in improving the output from the land they farm which they deem would give them trouble or involve risk.

When land is under the plough it is estimated that it will produce of either meat or milk as much as pasture land would yield, besides the wheat or other

grain grown on the arable land. On the other hand, the farmer has always before his eyes the ever-fluctuating price of his grain crops, which, as a rule, during the last forty years, or until the last decade, has been constantly in the downward direction. He also takes into account the greater amount of capital required on arable land, and the risk of bad weather spoiling his wheat and other cereals. The work of supervision has to be more constant, and many more workpeople have to be employed ; and he considers the profits, though probably slightly more, not worth the anxiety and risk incurred in trying to make them. The majority of British farmers will tell you that if they can hire land cheaply, they consider it a safer investment to use it for grazing purposes than to grow crops on it. We have, therefore, this strange position of affairs, that in many parts of the United Kingdom farms which are situated near large cities and towns, and which, if only cultivated by modern methods of agriculture, would produce excellent crops that could not be surpassed, are now mostly used for grazing, and grow year by year less instead of more produce.

The land being the matrix of the internal food supply of the country, a remedy for this state of affairs should be found. The interests of the community should be protected by their own action, and, if needful, a definite, carefully considered system of State aid should be adopted to encourage the growth of more food in the United Kingdom. Certainly, as an insurance against the possible shortage of food in times of war, and as a means of employing men upon the land and reducing our heavy national indebtedness, our aim must be that the State should endeavour

to encourage a more thorough mode of cultivating and utilising the land of the country by intensive modes of farming, and the cultivation of a greater acreage of land under the plough, thus giving employment to a larger number of men, and decreasing the amount of food imported from abroad.

Since 1901 the home proportion of the supply of meat consumed in the United Kingdom has increased slightly, and now approximates to sixty per cent. of the whole. An interesting geographical fact is to be noted in the almost complete diversion of the imported beef supplies of the United Kingdom from the northern to the Southern Hemisphere, namely, from the United States of America to the Argentine Republic and Australia. The deficiency in the home supply is now made up nearly entirely from the two latter countries. This transference can best be indicated by the fact that whilst in the years 1901-5 Australia sent only 2·3 per cent. of the imports of beef to these shores, in 1911-13 the percentage had increased nearly sixfold to a total of 12·2. The Argentine Republic increased her supply from 32·6 per cent. to 80·5, whilst from the United States it decreased, from the first to the second period named, from 60·5 to only 1·2 in consequence, partly, of the greater home demand in that country for their own crops. The imports of mutton come almost exclusively from the Southern Hemisphere. New Zealand is a contributor, with Australia and the Argentine Republic, and the latter is, in fact, the chief source of supply, though Australia has increased its shipments since 1901. It may be remarked that since 1901, owing to restrictions at the ports of the United Kingdom and the increasing

facilities for transport of refrigerated beef and mutton, the imports of live animals into the United Kingdom have practically ceased.

In the case of imports of pork and bacon, the United States of America has also been displaced since the beginning of the century. The imports of fresh pork into the United Kingdom came mainly from the Netherlands, and those of salted pork and bacon from Denmark. Only in the case of hams is the United States still the main contributor.

It is interesting to record that the consumption per head of population in the United Kingdom of all kinds of meat has, of late years, shown a gradual decline, viz. :

Average 1901-1905 . . .	133·10 lbs.
„ 1906-1910 . . .	130·16 „
„ 1911-1913 . . .	128·76 „

The above figures refer to meat generally. The consumption of beef remains stationary. As regards mutton there is a slight increase from 27 to 29 lbs. per head, but in pork, bacon, and hams there is a marked decrease from an average of 43 lbs. per head in 1900-1 to 35 lbs. in 1912-13. This decline appears to be mainly due to the decreased consumption of hams.

The United States has now become an importer rather than an exporter of beef, and its competition with the United Kingdom for supplies from the meat-producing countries of the Southern Hemisphere will in all probability increase. There is a substantial increase, however, in the number of live stock in the Argentine.

In an official report issued by the Board of Agriculture and Fisheries for 1913 attention is drawn to the continued rise in the price of all kinds of meat, and to the apparent fact that, for the first time for many years, a higher level of prices cannot be relied on to draw at once additional supplies to the British market. This fact cannot be sufficiently brought home to us all: that the restrictions imposed on the importation of foreign cattle into these isles encouraged the breeding of our flocks and herds within the United Kingdom, and hence kept prices down. This is rather an interesting acknowledgment of the reason why the community have not been short of meat during the years 1914-16, *i.e.* we have not allowed the importation of live foreign cattle for the last few years, except under great restrictions—and it is also a remarkable proof of the advantages which a country obtains through being partly self-contained, as far as its food supply goes, and thus protected from a rise in prices.

This statement is issued in the memorandum and tables of the food and raw-material requirements of the United Kingdom prepared by the Royal Commission appointed on that subject and presented to both Houses of Parliament in November 1915 (Cd. 8123). It is the more satisfactory as the Government in appointing the Commission took care, in the terms of reference, to exclude from its consideration the remedy which has been applied in every other State of the civilised world, namely, an import tariff to safeguard its trade, agriculture, and industry—rather like a parent giving permission to his child to go and swim as long as he promised not to get wet. The task they

have been set to do, with the words “ consistent always with the existing fiscal policy ” before them, is something like trying to find out how to square the circle. It is interesting to note that Lord Crewe had words inserted to the same effect in the resolutions of the recent Economic Conference at Paris, to which reference will be made later, and in that case the words were even more inconsistent with their context than they are in these instructions. The reference to the Royal Commission contains the following passage :

“ We were pleased to authorise and appoint certain persons therein respectively named, or any five or more of them, to be Our Commissioners to inquire into and report upon the natural resources of Our Dominion of Canada, Our Commonwealth of Australia, Our Dominion of New Zealand, Our Union of South Africa, and Our Colony of Newfoundland : and, further, to report upon the development of such resources, whether attained or attainable ; upon the facilities which exist or may be created for the production, manufacture, and distribution of all articles of commerce in those parts of Our Empire ; upon the requirements of each such part and of Our United Kingdom in the matter of food and raw materials and the available sources of such ; upon the trade of each such part of Our Empire with the other parts, with Our United Kingdom, and with the rest of the world ; upon the extent, if any, to which the mutual trade of the several parts of Our Empire has been or is being affected beneficially or otherwise by the laws now in force, *other than fiscal laws* ; and, generally, to suggest any methods, *consistent always with the existing fiscal policy of each part of Our Empire*, by which the trade of each part with the others and with Our United Kingdom may be improved and extended.”

Even in 1879, when the present writer published a work entitled *The Trade of the World*, the question of our food supply and the development of the trade, commerce, and industry of the various parts of the Empire was purely an economic one, and what are called politics had nothing or almost nothing to do with the subject. So it should be now.

It should also be remembered that the question was so non-political at that date that the author had the honour of obtaining the gracious permission of dedicating that work to His Royal Highness *Albert Edward Prince of Wales*, in the following words : “ As a humble testimony of the valuable support continually rendered by His Royal Highness towards the various commercial and industrial enterprises of this and other countries.”

We are now even more dependent on a food supply from overseas than we were then, and, without labouring that point, we have only to recollect that nearly four-fifths of our wheat supply—or, to give the exact figures for 1911–13, a proportion of 77·9 per cent.—come from abroad of our total requirements for the product which supplies the “ staff of life ” in these islands.

On that point some passages from the book just mentioned, *The Trade of the World*, are equally if not more applicable now than at the time when they were written. The following is quoted from the commencement of a chapter on our external food supplies :

“ Great Britain is at present in the somewhat startling position of only being able to grow food to supply the wants of little more than half its inhabitants. In



whatever way one looks at these general facts connected with our food supplies, they seem to me of extreme gravity. True, it is quite evident that there is no lack either in the will or the power of other nations to produce all the food we may need for the support of our population, and equally so that we have both the means and the desire to manufacture more than sufficient goods wherewith to make payment for the supplies they send ; but the ever-increasing divergence which I have previously noticed between the amount of our purchases and our sales cannot continue growing to an indefinite extent. Whatever may be our accumulations of wealth at home, they will not suffice to ward off a scarcity of food, if those who have it to give to us will not take the produce of our labour and capital in exchange ; and viewed in this aspect the problem seems difficult of solution.

“ When Adam Smith wrote the *Wealth of Nations* England was in a far different position in this respect. We were not only able to supply in ordinary years the inhabitants of these isles with home-grown alimentary substances, but even to export grain. However slight the importance, and with whatever easy flow of trite axioms political economists may attempt to account for it, this country is now much more dependent upon foreign sources of food supply than it was some years ago, and as our population grows the extent of this dependence increases at a more and more rapid rate, and thus two great questions press upon us for solution : first, can we always rely upon these foreign sources, in the event, for instance, of war ? and secondly, can we afford to continue to pay for food at the rate we now do without impoverishment ? ”

Another extract will prove of interest here as showing how thoroughly the views then held by the late Lord Beaconsfield have come to pass :

“I have in a previous part of this work referred to the immense districts capable of growing corn at present lying waste in Canada and the Cape. Touching the former country, Lord Beaconsfield mentioned in his speech delivered at Aylesbury, September 19th, 1879, that ‘since the surrender of the Hudson Bay Company, Canada has become an illimitable wilderness of fertile land’; and again remarks, respecting the competition of our own agriculturists with those residing in the United States, ‘that it is a singular circumstance that at this moment the greatest apprehension is felt in the United States that they cannot compete with Canada. The taxation in America is so high, the rate of wages is so high, that it is impossible, according to some of the best American authorities, that they can any longer continue to successfully compete with Canada. If we are to be fed by Canada, it is at least satisfactory that we shall be fed by our fellow-subjects’; and again tells his audience, with regard to the large supply of grain now coming from the United States, that circumstances are of so transitory a nature ‘that the very place of competition is doubtful, and when you hear that Canada expects completely and successfully to beat the United States from the European markets, it is wise for us not to take any precipitate steps,’ and that it was difficult to estimate the exact result of the 200 millions of acres now lying waste in Canada being gradually brought into cultivation.”

The memorandum of the Royal Commission previously referred to on our food supply points out that this increment has been very rapid recently. The large increase in the proportion of wheat received in recent years from the Dominions is, of course, mainly due to the great extension of wheat cultivation in Western Canada since the beginning of the century.

Our imports of wheat from Canada in 1901-5 were on the average 10·3 million cwts., and in 1911-13 had increased to 24·5 million cwts.

The products of Mother Earth must either be grown in this country or brought from abroad before we can consider the question of utilising the power of either electricity or steam, or the skill of human dexterity in manufacture. As we have endeavoured to urge in these pages, our neglect of the agricultural interest in the United Kingdom for the last sixty or seventy years has been a false and selfish move, and it was, in fact, nearly a suicidal policy to leave it to chance whether the food of the people would be sufficient, or whether, in case of war, others either could or would supply this country with adequate alimentary substances. Now is the time, if ever, to relay the foundations of true strength, and by that is meant our economic independence of a foreign food supply in times of stress and war.

Were a really effective blockade round our coasts at any future date ever to be effected, how could we ensure a sufficient supply of food for the inhabitants of this country if the land was tilled as at present? This danger can be surmounted, and must be. We must tackle the question forthwith, and encourage agriculture within the boundaries of the United Kingdom fearlessly, making our first and greatest industry one in which all classes concerned can earn a living and find a fair and adequate remuneration for the capital enterprise and technical skill expended in that great calling. We cannot afford to sell our birthright as a free people to placate, or attempt to placate, a body of impenitent economic fanatics.

That British agriculture has been steadily diminishing since the middle of last century is a fact that has to be faced, the more especially as not only in the virgin soil of the great American continent, both in the north and in the south, but also in many other European countries, such as Russia, Germany, Holland, Denmark, and others, it has been advancing progressively. Our own agricultural population, once the backbone of the nation and a source of wealth in peace as of strength in times of war, has diminished both in numbers and in wealth. The money they used to expend on manufactures, mainly, if not entirely, of home production, has not been expended as heretofore, and is therefore lost to this country.

This diminution in our internal trade has not yet come home to us with sufficient force, as, owing to the accumulation of our past prosperity, we have drawn on our resources of capital in order to continue to pay for the supplies of food and manufactured goods we have been year by year importing.

It would here seem desirable to look at this question of our diminishing food supply both from the point of view of the present growers and from that of the general good of the community, and, having done that, to see whether by some slight concession to the farmer and to the agricultural interest generally we could not utilise the natural wealth of the country, namely its land, have a greater supply of food, and be, as other countries are, to a great extent independent of outside sources of supply.

A few years ago it paid the farmer in this country to grow wheat, when it fetched 35s. a quarter. In consequence of the present rise of prices in all directions,

including that of labour, that price may now not be sufficient. But having fixed the level, or the datum line, at which it pays to grow wheat, no skill, no technical education in regard to scientific farming, no organisation, can make arable land in Great Britain pay to grow, and give the labourers a living wage of say 21s. a week, if the price falls below that level. And there comes a point when the farmer finds he cannot cultivate arable land at a profit. He then decides that he had better put down the greater bulk of his land in grass. Considering, like the British manufacturer, that he has no security and finding there is less risk and danger of loss in raising cattle owing to the restriction of importation of foreign live stock, he leaves the growth and cultivation of cereals and vegetables to a great extent, or as far as he possibly can, alone; and as he is working his farm to make a living, he is probably right from his own point of view in exercising such caution.

But let us examine the result of this action on his part from a public point of view. Since 1872 to the year 1913, one finds that not only has there been a marked diminution of arable land in England, Scotland, Ireland, and Wales, but there has been also a decrease of land under crops, though it has not been so marked. All the authorities who have studied this agricultural problem agree that land under the plough and growing grain or roots will support a vastly greater number of people than land used for grazing. At the end of last century when the farmers complained that, owing to foreign competition, aided by cheap freights, land and labour, and light taxation, their produce did not pay, and that in consequence they were giving up their

farms and emigrating or going into other callings, they were advised in Midlothian, by the late Mr. Gladstone and others, to grow strawberries!—no doubt “a refreshing” though not a “rare fruit,” nor a sustaining one for an industrial community.

Such was the remarkable alternative offered by the Free Traders of that date as a remedy for the undoubted agricultural depression then acutely felt by farmer and agricultural workman alike, a depression that will recur unless we sweep away the cobwebs of an illusion formerly held, and make it possible for the suitable agricultural land of this country to be used for the purpose for which it was intended by nature, namely, to grow cereals and vegetables for human food and for our flocks and herds. Hide-bound as these faddists are by the economic fallacies of a past age, cannot they see that it is a disgrace to a fertile country like Great Britain, with the ocean open to her ships, to be obliged to place her food supply under the orders of a controller? Would they in fact sooner see the food supply of the people unduly restricted than change by one hair's breadth their preconceived doctrines?

What was the illusion which has been referred to?—that it was a matter of complete indifference how large a proportion of food we imported from overseas, or whether the whole agricultural population of the country left it, and the land was turned into a wilderness, or not. The Free Traders did not say this in so many words, but their action in Parliament and at the polling booths proved that they did not care whether this occurred or not.

Assuming that we were, as Germany now is, more or less effectively blockaded, wheat is the one essential

article of food we could not do without ; of that necessary food a large quantity would have to be stored in Great Britain, or our position would be parlous indeed. The amount of meat used per head of the population could, if necessary, be reduced considerably so far as we are concerned, but there is always a considerable reserve of meat in this country in the shape of the breeding stock.

If the area under wheat in Great Britain were increased by the 3,340,000 acres now in grass lands, but cultivated as arable in 1872, and taking the annual yield to be 4 qrs. per acre, the increased home production to meet our requirements, it has been estimated, would be nearly three times greater than it now is, or nearly sixty per cent. of the whole, instead of twenty. Nor would it be found, if this large area of grass land were converted into arable crops, that there would be a loss ; rather there would be a gain in the supply of food for the flocks and herds of this country, as well as largely increased stores of alimentary substances for human sustenance. Milk is already almost wholly produced at home. We also only import yearly, on the average, fruit and vegetables from foreign countries to the value of six millions.

At the present time of war the large farmer is finding the price both for cattle and grain so remunerative that he is devoting his whole capital, energies, and such labour as he can retain to raising them, and does not think it worth his while to compete to any extent with the small holder in the minor agricultural products, such as fruit and vegetables. In the pre-war period prices were low for grain. The large farmer then, with his power of wholesale working, was enabled to compete

successfully in regard to minor products with the small holder, and, in consequence, he kept the prices of vegetables and milk down. The absence of that competition may, in a measure, account, together with the shortage of labour, for the present great rise in price in those minor agricultural products.

The ideal condition of economic independence for the United Kingdom in regard to the food supplies would be to grow food for all the inhabitants of these Isles. That, however, is not attainable in the region of actuality, as an increase of twenty-four million acres of arable land in this country, even though it is estimated that we have the land available, is not a probable solution of the difficulty. It does not, therefore, come within the range of what is practical or likely to be attempted.

If we were to grow in the United Kingdom—as no doubt we could, were it so desired—fifty or sixty per cent. of the food required of all kinds, import say thirty or forty per cent. from the Empire and the rest from other sources, our economic condition in every way would be infinitely stronger than it is now. This end can only be attained by the organised effort of the State, as was done in the case of Denmark within a comparatively short period, in recent years. A great effort took place in that country towards the improvement of agriculture after the disastrous war in 1864, and that effort had a marked success.

Some hold that the situation could be best met by the guarantee of either a maximum price for wheat or an annual payment of, say, ten shillings per acre for the extension of the arable area in this country for a period of from five to ten years. No doubt this would give



to the farmers some security and some confidence in replacing their grass lands by arable, and provide employment, when this war ends, for great numbers of the discharged soldiers on their return to civil life.

There is a diversity of opinion as to whether prices will fall or rise after peace is declared. Some consider that the replacement of the material wealth destroyed and the vast demand for labour in rebuilding and manufacture amongst the nations who have been engaged in hostilities, together with the serious loss of life they have all incurred, will cause less food to be produced, and that its present high price will be maintained for some years ; others, that prices will fall owing to increased industry in food production all over the world. It seems that the fairest, the simplest, and the most equitable way to assist the farmer would be to impose a reasonable duty on cereals imported here, to equalise the incidence of the heavy rates and taxes and consequent heavy charges which land in this country has to bear, and to encourage agriculture. Bounties have to be paid by the State, and are just as much a form of protection as charges levied at the customs on products or goods coming into the country. It is in some people's eyes a meritorious mode of taxation to take large sums of money out of people's pockets on earned or unearned incomes up to, in some cases, seven or eight shillings in the £, but to put a duty on imported grain which might possibly add a fraction of a farthing to the price of a four-pound loaf (if competition amongst our farmers did not indeed neutralise that slight increase to some extent) is quite unthinkable. The remarkable thing about it all is that if, during war-time, as at present, the four-pound loaf goes up

from the previous price, 4*d.*, to about 10*d.*, or even 1*s.*, owing to the fact that free-import trade fallacies have caused our land to be put, year by year, less under grain, not the slightest protest is made.

Bounties on the grain grown in the United Kingdom or on the land tilled in arable would involve, in practice, great difficulty in administration, and would necessitate the creation of a new department at much cost, and containing many officials. There would also be the danger of many abuses, real or imagined, such as, for instance, the cry that the bounty on arable land had simply tended to increase the rent charged the farmer owing to the greater competition for farms. The remedy some suggest for that, namely, the State ownership of all the agricultural land in the country, would be a socialistic experiment untried on such a scale in any part of the world, and fraught with danger. The relative advantages, as paying propositions of large industrial farms, and also co-operative colonies of small holders, if tested by the authorities to some moderate extent would afford much useful information for the best mode of dealing with vast areas of land within the United Kingdom. We all know that before us lies the great task of rebuilding the national economic system on sure and sound foundations as the central fulcrum of a great and independent Empire. The war has aroused us to a higher sense of duty, not only to one another, but to the State, and it seems evident that we cannot look at these great questions any longer from the narrow standpoint of one section of the community, important as it may be, but that we must regard them from the point of view of the greatest benefit to the Commonwealth.

If we turn our eyes from agriculture to the manufacturing industry, in which we were at one time *facile princeps*, what do we find is our position during normal times of peace? Take the cotton spinning industry, for instance, for the benefit of which Mr. Cobden and his Rochdale friends invented free-import trade *coûte que coûte*, which is still our leading manufacture. There has not been any marked change in that industry since the beginning of this century, so one may take it that what Mr. Macara, President of the Master Cotton Spinners' Federation, said in 1901 still holds good, that—

“in the last twenty-five years Great Britain's consumption of American cotton only increased about 10 per cent., whilst the world's consumption increased about 250 per cent. During the great depression in England's cotton industry, from 1892 to 1897, 4,000,000 spindles were broken up. Whilst England practically remained stationary, it is estimated there was an increase of no fewer than 15,000,000 spindles abroad in the last ten years.”

If we cast our eyes to another very important industry what do we find? According to Sir Guilford Molesworth :

“In 1878 the production of pig iron in Germany and also in the United States was only about one-third of that of Great Britain, in 1907 the production of pig iron in Germany exceeded that of Great Britain by about 25 per cent., and the production in the United States exceeded that of Great Britain by 150 per cent. Before the adoption of our present fiscal policy in the forties, the trade and industries of Great Britain were, of course, in a far more developed condition than those of Germany and the United States, consequently a

*relative* comparison is not altogether conclusive, but the progress in Germany and in the United States had been altogether out of proportion to their initial and final development, for according to the Cobdenite doctrine they ought to have been ruined ; while Bastiat insisted that if a country adopted Protection, her ruin was assured ; moreover, the progress in the protected countries has not only been *relatively* but *actually* great."

Both Germany and the United States have surpassed us in the production of iron, which is a most important factor in the development of nearly all other industries. Then in respect to the woollen trade. There was a marked falling off at Bradford and elsewhere in the United Kingdom when the McKinley tariff became law, despite the fact that the manufacturers were told that the McKinley protectionist tariff in the United States would not hurt them because their volume of trade with other countries would increase. This has proved to be quite inaccurate. The only ray of light which that industry has seen has been caused by the generous action of the Canadian people in giving preferential rates to woollen goods imported from the United States to Canada. The silk trade, once a flourishing industry in this country, has been ruined by foreign competition, and other of our manufactures such as glass, china, tools, machinery, lincn, etc., are hard hit for the same reason.

Space will not permit one to enter into fuller details regarding all the British industries which have gradually faded away in the last few years, the cause for their decline being mainly, though not exclusively, the dumping of foreign goods (in some instances aided by

bounties) in our markets, so that, as a matter of fact, the foreigner has had Protection in this country and the full use of our markets, mainly supported by our industrial classes, though this protection was denied to British industry.

If people are to be induced to put money into great metallurgical or other industries, it is needful to give them definite assurance that neither they nor their works will be jettisoned when the war is over, whether steps are taken which are likely to offend the orthodox disciples of a discredited school of political economy or not. The country must make up its mind to one of two things—either that it will adopt such measures after the war as will secure ample employment for British workers at good wages, and a restoration to prosperity of many important and once flourishing industries in our midst, such as glass, silk, tool-making, and dye works, or that it will continue to sacrifice the interests of the community to the present economic system. Whether this is done by tariffs, or bounties, or increased banking facilities, or by all three, is, of course, the question to be considered, but those who are inclined to invest their capital in restoring British industry to its former supremacy will not do so unless they are given reliable security for what they spend in buildings, in plant, or other improvements.

If after the war capital for one reason or other is not available—if, for instance, there is a lack of security for the continuance of infant industries which may be started—it will be a bad day for labour in this country, as, owing to the large number of men who will return to civil life at the termination of hostilities, the fact that many older men have got temporary employment,

and the various ways in which female labour will continue to be employed, there will then be a risk of great congestion in the labour market.

The scales, it is hoped, have fallen from the eyes of those who were blinded by the false prospects of peace when there was no peace, and whose "spiritual home" was outside the King's Dominions. We paid no heed to the warning voice of the late Lord Roberts when he urged us to organise our military forces for emergencies which he said might arise, and which certainly have since arisen. He strove to do his duty to the last, as he had done it throughout his strenuous life, and, old man as he was, he consecrated the last few years of a noble life to his self-imposed task, alas, in vain! Had we done what he advised, had we been prepared before the summer of 1914, the peace of the world might have been still maintained.

It is our duty now to set our economic house in order whilst we have yet time. We must be prepared for the economic contest ahead of us, and we should take warning from the past. This point was cogently enforced by the Prime Minister of Australia during his recent stay in this country :

"The least we can say of the Navy is that it has saved Britain," he said. "But the truth is that it has saved the civilised world. Behind that impregnable wall of triple steel we have opportunity to remedy in some fashion our lack of preparation. But is there a man amongst us who does not pale as he looks back and sees the awful gulf which he has missed by a hair's breadth? Is there one who does not rejoice that there were men amongst us who shut their ears to the cries for a smaller Navy?"

## CHAPTER IV

### IMPERIAL UNITY

“If called upon to declare what circumstance in the condition of England which, more than all other things, makes her the envy of surrounding nations, it would be to her colonial possessions that we must attribute that feeling. In the eyes of foreigners, those possessions are at once the evidence of our power, and the surest indicant of its increase.”—MR. PORTER, *Progress of the Nations*.

#### PART I

OUR aim undoubtedly should be to have the largest interchange of commodities with the people of the British Empire, and to encourage favourably trade relations with those nations of the world who are our Allies and friends in order to add to their and our material strength by increasing the prosperity of all. The great question which must be solved before long is that of mutual co-operation and support amongst the peoples comprised in the British Empire, not only for national greatness, but also for material success. All of us, from the northern bounds of Canada to the tropical regions in the southern Pacific, from Hong-Kong to Honduras, have matters of common interest. These chiefly relate to our defence, to our intercommunication by shipping, to our trade relations and finance, together with many important laws which we might make more uniform and more effective in order

to protect our own interests, especially those concerned with navigation and commerce.

To carry this out we require an Imperial Representative Council with certain defined powers to safeguard both our internal and external interests. We find in this twentieth century that other peoples are too highly organised and too thoroughly prepared for all emergencies to permit of our continuing the old policy of *laissez faire*.

We must not forget, in making an appeal for unity within the Empire, and reciprocal preference in trade matters, that the Dominions have come to our aid not only with brave men, but also with food. When the Americans were trying to force up our prices Canadians were trying to keep them down in our favour. Canada presented us with a large quantity of flour. Australia offered to sell everything to this country and to nobody else, whilst New Zealand, the West Indies, Mauritius, Singapore, Hong-Kong, and other Colonies followed a similar policy. How, too, shall we speak of or sufficiently recognise the gallantry of the chiefs and the soldiers both from the British and native States of the great Empire of India, and their noble gifts, or, last but not least, of the brave loyalty of General Botha, General Smuts, and the men they led so well to victory in defence of their flag and ours ?

We must remember that Great Britain cannot again look at this question solely through the spectacles of one of the parties in the State, nor even the nation itself : she must henceforth regard it from an Imperial standpoint. Freedom from economic pressure on the part of Germany or any other Power means strength to the Mother Country, therefore in considering these



questions we must meet our fellow-citizens from beyond the seas not as strangers, but as comrades and brothers, and join all our forces to the common advantage. If we refuse to do so we shall remain economically defenceless and weak. Canada has again and again been approached in regard to joining economic forces with the United States, the most recent effort being that of 1911, but she has declined all such offers from whatever quarter they may have come. These offers may come to many other parts of the Empire, which may be tempted to look elsewhere for some reciprocal terms of commercial union if we refuse this great opportunity. The point to be remembered is this, that Great Britain cannot supply herself with raw materials. If she takes them from the members of her own family and her own Empire she will be strong.

We are now at the parting of two ways, and can one doubt that in the United Kingdom statesmen of all parties will follow the right path, and, as British Nationalists, make the interests of the Mother Country, of the sturdy Dominions, and of India more thoroughly one? A resolution in this sense was passed last year by the leading commercial men of the United Kingdom at the gathering of the Associated Chambers of Commerce when they resolved that—

“with the object of maintaining an increase in our trade after the conclusion of the war it is necessary that the different parts of the Empire be drawn into commercial union and that provision should be made for reciprocal preferential trading relations between all parts of the British Empire.”

The resources of Great Britain, though large, are limited; those of the Empire as a whole are bound-

less, and when thoroughly developed will place us in a position of great economic strength. They should be developed as rapidly as possible, and the best and most efficient way to carry this out would be by carefully considering a plan of Imperial preferential tariffs. In truth, a carefully considered scheme of business management in the Imperial interests is essential to the continuity of the British Empire as a force in the defence of the human race, therefore we cannot allow a policy of drift to still continue. The united Dominions of the Crown stand for self-government, and mutual responsibility between the Government and the governed, the latter being more developed in some parts of the Empire than in others. They stand for the interests of peace, justice, and liberty throughout the civilised world.

What the basis of representation should be and how the teeming population of India should be represented are all matters of detail. The case of India requires careful consideration, and could as a matter of fact be met by giving to the people of that country some definite, though it may be, at first, indirect share of the Imperial Administration. That would be a legitimate concession to the spirit of the races of India, who have so nobly fought for the Empire of which they form an important part. Though their institutions and languages may differ, sentiments of loyalty, ties of good feeling towards England, together with a determination not to be placed under the dominance of a foreign yoke would bind them to the United Kingdom, which to a good many of them is the Mother Country, and which they all know would do her best to defend them if occasion should arise.

They have, in fact, all loyally resolved to rally round the flag in times of stress and danger.

What would Great Britain do without her widespread Dominions? If the latter were captured by a foreign Power the carrying trade to them would be transferred to the ships of that Power, and the imposition of preferential tariffs against Great Britain would complete her isolation from the lands to which her sons have gone, her maritime supremacy would pass, her commercial decadence would commence, and the sceptre of empire would fall from her hands.

No doubt Imperial conferences are called together from time to time, but their working lacks continuity, and is relatively of less importance than the gravity of the subjects they consider and the valuable resolutions they arrive at. What we require is continuous consideration of matters that have hitherto been considered of general importance to the United Kingdom as well as of others which the march of events brings to the front.

The question of framing a new constitution to meet the altered circumstances of the case has been grasped within the last thirty or forty years in the case of Japan, where a small committee of the senior statesmen, such as Ito and others, were appointed to examine into all the constitutions of the various States of the world. This they did, and a Constitution was framed by the Emperor of Japan and his advisers. Since its passing this Constitution has only required slight modifications. It has survived the trials of great wars and times of industrial depression, and has not been found wanting. Under its guidance the

great council of the nation has been able to steer the Ship of State safely through many troubled seas.

It must be remembered that at present, so far as we are concerned in the United Kingdom, the Dominions occupy the position of foreign countries, and that equally applies to their position to one another. In regard to maritime law some of them occupy the position of maritime Powers, for they have the power to make and enforce maritime laws of their own for their own shipping, and even, within limits, to impose these laws on the ships of the Mother Country. Of course, when the Mother Country gave the power of fiscal autonomy to the Colonies, the idea was that by it they could raise revenue; it was never contemplated that it would grow into a system of protection even against the products of the United Kingdom. The fact that we have granted to the Dominions the right to impose custom dues would place us under a very serious disadvantage in future in making reciprocal trade arrangements with the Dominions unless we framed and passed a general tariff and resumed our bargaining power in that respect.

It is satisfactory to notice that, whatever the Mother Country is doing, our great colonial dependencies are looking ahead, and determining to make preparations for the condition of affairs which will probably result at the termination of hostilities. Sir Charles Foster explained last year certain work which the Canadian Department of Trade and Commerce proposed to do at once to cope with conditions which will arise after the war and in consequence of it, and with the need of preparation for the return of our soldiers and the consequent diversion of labour and capital from the

manufacture of munitions to other industries. He further stated that the Canadian Government proposed sending commissioners to the countries of the Allies to study the new trade operations of those countries, and to establish in Canada a bureau of commercial information where statistics of the natural and industrial resources of the Dominions could be obtained, in connection with which there would also be exhibits of the processes of their manufacture.

The Australian Prime Minister, Mr. Hughes, in speaking at a dinner given to him at the House of Commons in April 1916, by the Parliamentary Labour Party and other Labour organisations, said :

“The Australians have not stopped at military preparations against Germany, they have waged also with all the power at their disposal against that country an economic war,”

and added :

“Having freed ourselves from the octopus grip of our enemy we ought without delay to lay the foundations of a great national policy worthy of our race, and of a truly civilised people.”

There is no doubt that we in Great Britain ought also to lay the foundations of a national policy worthy of our country. There are three reasons certainly why we should do so : for our national safety, to serve and expound our trade and industry, and in order to give to all willing workers employment and such adequate remuneration as will keep them in reasonable comfort. We can only do so if we are

resolved to build up our industries in such a way as to prevent them from being dependent after the war for their raw material and supplies in countries outside the Empire, nor must we again be placed in the same position that we were in at the beginning of August 1914, when we found, amongst other things, that tungsten powder used for hardening steel was a monopoly of the Germans, although we possess the raw material from which it is manufactured—namely, wolfram—in Cornwall. This product was, of course, required for munitions of war, and the Government had at first to purchase it through a German agency, which, needless to say, made them pay accordingly.

It is difficult to believe that Canada and Australia, who have contributed so much to the war, will be content hereafter without some power of direction in the affairs of the Empire, and they doubtless will wish to see that their interests are watched by broad-minded and experienced statesmen from their own Dominions sitting alongside of their British confrères. This fact will have to be faced.

You may call any consultative body which will be framed for this purpose what you please, and make its powers as expansive or as restricted as if found practical, but there is no doubt that Imperial Federation must take some tangible form within the Empire at no very distant date. When we consider the many important subjects which will have to be solved, such as the United Navy question, inter-Imperial trade, a common standard of weights and measures, questions relating to coinage and postage, we shall see that our future Imperial trade policy will be the fundamental question to be considered. What made the political

union of South Africa possible was the customs union that preceded it. The economic welding of the German States was the stepping-stone to the German Empire. We must therefore make the foundation strong before we commence the superstructure. Economic relations are the foundation of political relations in the same way as trade with other nations is the basis of our relations with them.

“We, the Canadians,” said Mr. Richard Reid, Agent-General for Ontario, in a speech which he delivered last year, “are bound to the Motherland by the silver cord of sentiment, but at the close of the war we hope there will be something more tangible. We are now a part of the Empire, but we want to feel that we have a deeper interest in its development.”

In altering our present somewhat happy-go-lucky system of Imperial defence and inter-Imperial trade relations, to meet the exigencies of the present day, we must remember that what we did in the days of the Empire's youth will not suit its coming period of adolescence. The circumstances of the world are changed, and, as Mr. Deakin warned us, “if the world moves and we stand still we none the less by our inaction take the responsibility by a decisive course.” On the one hand there appears to be some mistake in the minds of some people who invariably consider that the foreign policy of any future Imperial Government should be under the control of some Imperial Council, but that is not our constitutional mode of dealing with foreign affairs, and is rather more in accordance with the practice in America, where all foreign matters are discussed by the Senate. We, on the other hand,

leave such matters solely to the Executive. Of course, the British Parliament has the right of discussing affairs relating to the Foreign Office and its policy on the votes in supply, but as a rule that right is used sparingly and with discretion.

There is no lack of recognition in the United Kingdom of the patriotic action of the British Dominions during this war. Many of our statesmen have pointed this out in eloquent periods in Parliament and elsewhere. Mr. Runciman in one of his speeches in the House of Commons mentioned the self-sacrifice which several of the Dominions had shown in sending us their products and refusing, even at a loss, to sell them to neutral States. Surely he will not forget that we owe some debt of gratitude to them for so doing, and we should show it in some practical form at no very distant date.

No Dominion would co-operate more whole-heartedly with the British Empire or come more willingly into friendly trade relations with our Allies than India. That country has been subjected to a long-drawn-out and cruel calculated action on the part of Germany, who has made a premeditated attack on several of its native industries. To mention one, which by this method had been practically destroyed before the war, namely, indigo. The attack on this industry was accomplished by means of the highly subsidised competition of the Badische Anilin Fabrik Company in selling for years, at a loss, inferior synthetic dye below cost price in order to kill the production at a profit of the superior natural Indian indigo. Having succeeded by this panther-like mode of attack in the destruction of their victim (who was helpless to repel



their insidious attacks by placing an import tariff on this German production against which the Manchester School of Political Economists in Great Britain would have held up their hands in horror), they effected the ruin of this important, and, at one time, flourishing industry in India. They then adopted their usual practice, and put up the prices of their synthetic dye, making, of course, large profits, and following the same tactics there as they do by their dumping system in attacking and destroying British industries at home.

If Great Britain recovered her bargaining power by means of a tariff, and it ended in mutual preferential arrangements within the Empire, does anyone imagine that Germany would continue to penalise the importation of British or Colonial produce within her borders? Moreover, it is said, after the war she proposes to further classify and prohibit our merchandise by the imposition of higher import duties. If the British Empire were in a position to say they would not have it, and would retaliate if it were done, the German people would pause ere they thus jeopardised their trade with the British Empire, which amounted in value before this war to half of the total of German exports.

The idea of Great Britain passing a General Tariff Law has been in the mind of Colonial statesmen for years past. Sir Samuel Griffiths, Premier of Queensland, said in 1887 :

“Individual action by each part of the Empire should in this matter yield to the good of the whole. If for any reason it decided to impose custom charges on goods imported from abroad it should be definitely arranged that goods coming from the Mother Country

or from British Possessions should be subject to a lighter duty than from foreign countries."

Of course Canada, as is well known, makes a reduction in favour of the United Kingdom in her customs tariff of one-third of the total amount of the dues to be paid. Australia, New Zealand, and South Africa give also preferential and discriminating advantages to goods arriving from the United Kingdom. The consolidation of the Empire is promoted by patriotism, by the preservation of British institutions, by bonds of mutual interest, by preferential treatment which will be mutually advantageous, and, at the same time, by maintaining the autonomy of each unit as to its fiscal regulations. The oversea Dominions have adopted our methods in a great many important directions, but no patriotic wish to assimilate our customs has caused any self-governing Colony or Dependency to adopt our Utopian system, or our method of free-import trade. Our so-called Imperial Parliament does not deal with Imperial questions as often and as frequently as their great importance requires, and M. Merinee, in his *Impressions of England*, refers with regret to the littleness of English politics of our own times.

The views of a united British Empire in this matter of the trade of the world are of very great importance. Our country is the senior partner in the great firm of the Allies because the British Empire controls nearly one-third of the international trade of the world. As yet we have had no sign of what our future policy is likely to be. In the course of a debate in the House of Commons last year on questions affecting

this vital subject, the then President of the Board of Trade told the Members and the country what Australia and other Colonies are willing and ready to do in order to meet our views and the requirements of these times, but he did not tell us what *we* are ready to do as a nation to meet *their* views. The public mind is, however, somewhat plastic now, and we can look at things in their true light, discarding a host of trivialities, and consider questions of fundamental importance only.

Numerous plans have been suggested by men of light and leading to effect a closer and more practical union of the Empire than we have at present. In these pages there is no intention or wish to discuss their feasibility or the reverse, nor to venture to suggest any cut-and-dried scheme to carry out what is called Imperial Federation. That can only be evolved by the ripe experience of statesmen from all parts of the world after due consultation and consideration. If a Royal Commission or Council were appointed to formulate some definite constitutional union for certain general or Imperial purposes within the Empire, that body might be made up, as was suggested by the writer in a speech delivered at the Royal Colonial Institute last March during the course of a debate which followed an interesting paper by Mr. B. H. Morgan, as follows : As a beginning we might have a Council of twenty—ten appointed by the Mother Country, five of whom should represent the Empire of India and the Crown Colonies, and the other ten elected by the various autonomous Colonies of the Empire.

The following remarks by Mr. Kerry Nicholls appear much to the point. Speaking in the course of a discussion at the Royal Colonial Institute, he said, after

describing England's Colonial possessions as bidding fair to outrival the Mother Country in population and greatness :

“ Although the Colonies were called dependencies of the Crown, it must be conceded that there was very little spirit of dependence amongst the colonists themselves. Responsible government, the sentiment of nationality which had sprung up with it, and other causes, had taught them to know their political and material strength and importance ; and whilst he believed they would hail with readiness, nay even with pride, any form of Imperial Federation in which their interests would be fairly represented, he was sure they would stand firmly aloof from any scheme of Imperial Federation in which they could not enjoy relatively the same privilege with ourselves. The colonists, mindful of the important position they had acquired for themselves in the world, would be apt to look upon Imperial Federation in a very matter-of-fact way. They would say, *cui bono* ? and if arguing the point with the Mother Country they might justly add, ‘ You gave birth to us, you nursed us when in our swaddling clothes, you sent us to school in our own parliaments to learn how to govern ourselves ; and now that we have attained our majority and are likely to cut a big figure in the world, you talk about Imperial Federation, and ask us to enter into a bond of eternal fellowship.’ Recognising, as we must, the great political and commercial eminence to which the Colonies had attained, it seemed clear to his mind that any form of Imperial Federation must be based upon measures of equality, and assimilated as near as possible to our present constitution and form of government. In other words, if we invited the Colonies to enter into an Imperial Federation, we must meet them as nearly as circumstances would allow upon an equal footing, and extend

to them relatively the same constitutional privileges with ourselves. We could not at this late stage say to the Colonies, 'You shall do this,' nor could the Colonies say to us, 'You shall do the other.' There must be an equal, voluntary, and conjoint action on the part of the Mother Country and the Colonies, and community of commercial interest in time of peace, and a firm and united action in time of war, must form the principal links in the great bond of union."

When Queen Victoria first began to reign the Colonial Empire consisted of twenty-four colonies and settlements, having amongst them a population of only four millions. Their exports and imports were about thirty millions sterling. This, of course, does not include the Empire of India, then under the direct rule of the Honourable East India Company. Now, including India, their aggregate population comprises more than 315 million people, and their total trade in 1911 exceeded £958,000,000 sterling in value. This is a very large increase indeed, and these colonies hold a vastly different position in the world-system from what they did twenty years ago, one to which, at length, we appear to have thoroughly awakened of late. Our Dominions are growing apace, and they may prove to be sturdy sons of a sturdy race, in fact great and prosperous nations with more abundant wealth and a larger population than the land from which they sprung can boast.

It has not been in the past, nor should it be now, the privilege of any one party in the State to strive to unite us to our colonies in community of interest and bonds of friendship ; *it should be the aim of all parties.* We have been partners in a common enterprise menaced

by a common danger ; since August 1914 we have been bound together in the purifying fires that test the heart and character, and we may hope that after the war we shall be more thoroughly at one than we were before it broke out.

One cannot more fittingly conclude the first part of this brief *résumé* of the permanent methods of Imperial cohesion, which is desired by all the peoples of the Empire both in spirit and in truth, than by venturing to quote the gracious words sent by His Majesty the King to Sir Douglas Haig, G.C.B., Commander-in-Chief of the British Expeditionary Forces in France on Empire Day last year :

“ May the comradeship of the battlefield knit still closer together the people of the Dominions and of the Mother Country in the age of peace which, please God, will be the fruit of this long and arduous war.”

## PART II

One of the chief objects to be attained in furthering the consolidation of the Empire is to link it together in a well-thought-out scheme for its mutual defence, to ensure that the trade relations should be mutually and reciprocally beneficial to each part, and to establish a central intelligence department which shall collect and distribute information regarding the sources of supply of the natural and manufactured products and the requirements of the Mother Country and each Dominion. It would also seem desirable that efforts should be made to unify our shipping and navigation laws. The sea unites the Empire by its trade routes, whilst it separates its component parts

geographically from its centre. Had the British Navy not had control of sea power for the last two years, and had it not been for the efficiency and preparedness of the Grand Fleet, there is no doubt that many of the largest and most important cities along the trade routes on the coastlines of the Empire would now be a mass of ruins, and their population autocratically controlled and held up to enormous indemnities. We have already a Navy adequate to police the trade routes of the world, as we have done for the past hundred years or more, and for the purposes of war. As is now the case, the Imperial Navy should always be directly responsible to and controlled by the Admiralty at Whitehall, whilst each unit of the Empire might in time of peace have its own local naval force under its own administration to become part of the Imperial Navy under central control in time of war, as is also at present the case. Logically the whole expense of defending the Empire at sea should not fall solely on the inhabitants of the United Kingdom, though it would seem right that they should bear the lion's share of that cost ; but there should be an equitable co-operation on certain definite lines voluntarily agreed upon by each part of the United Empire. Of the willingness of all the Dominions to agree to this fair arrangement after careful consideration one can entertain no doubt ; in fact, it has been to a great extent carried out by several of them already, and also advocated by many of their leading statesmen and citizens. It is a great Imperial duty to render the coast-lines of the whole inviolate, and to guard the trade routes so essential to the life of the Empire.

There should be an "all red" cable service to every part of the United Kingdom, and whilst in the House of Commons the present writer spoke on more than one occasion in support of that scheme which would bring every part of the Empire in touch with the other, making it independent of foreign-owned cables and self-contained during times of war as well as during times of peace. At present, it appears, Canada and other Dominions have acquired the power, or it has not, in fact, been denied them, of making treaties in regard to their commercial and tariff arrangements with each other and with foreign Powers. It is evident that care should be taken that no treaty such as we had at one time with Belgium should be made by any part of the Empire which would preclude it from giving preferential tariff rates, if it so wished, to any other part of the whole, but those points, important as they are, are not so vital as that of our sea power. On that the future of the British Empire rests, and all other subjects pale before it.

It is more than a decade since the German Emperor uttered those famous words "Germany's future is on the water." We see in the light of present events that these words were not merely an idle boast, and that he was in deadly earnest when he uttered them. He meant that it was necessary that his country should possess a Navy capable of holding the seas, if possible, against the Navy of Great Britain, and that a merchant fleet should also be possessed by Germany which should be able to make a fair bid for Britain's maritime supremacy. Regarding the former, the German warships have failed, and except for a short raid or two have had to seek security inside the



harbours of Kiel or Heligoland. Respecting our mercantile marine it is our duty now to see, before hostilities cease, that they are not handicapped by any attack on their present strength, which is according to the last returns about twenty-one millions gross tonnage out of the total tonnage of forty-six millions of the world's mercantile marine, or nearly half. It is true so far as numbers and also the construction of ships are concerned, that our mercantile marine has no superior in the world, and the history of the war has amply vindicated the claim of British seamen to be worthy sons of their ancestors ; but there are other features of a much less pleasing character, for it is a fact that prior to the war this great maritime nation, boasting resources far superior to those of its German competitors, was unable to compete with them for the trade of certain ports of the world, including some British possessions.

Some of our big lines have been driven to make compacts with their competitors. One may well ask why even the Cunard Line, whose position should be impregnable, had to dip its flag to Herr Ballin. These surrenders were due to the difference in the respective positions of the German and British shipping companies. Whilst the latter were left almost entirely to their own resources, German shipping had the whole of their Treasury at their backs. It is well known that whenever a German shipping line could prove that, backed by subsidies, it could take away trade from the shipping of the United Kingdom, however indefensible as a commercial proposition the venture might be, financial help was never wanting. This gigantic plan of State socialism has been carried

out to further a well-calculated scheme for making Germany the dominant naval shipping and industrial power of the world, and to that end they cared not at all whether for years, or even a decade, they were subsidising lines at a heavy loss to their exchequer. By this plan they carried away to Hamburg and Bremen the produce of the East and West African Crown Colonies, in the former case as much as eighty per cent. and in the latter sixty-one per cent. Unaided by State subsidies this could never have been done, but our lines were in the position of private traders fighting against a practically inexhaustible capital poured forth, regardless of loss, in support of a thoroughly considered scheme of trade conquest. It is hard to believe the fact, which is, however, absolutely true, that prior to the war German lines were able to prevent any vessel under the British flag from loading at any port between Hamburg and Bordeaux for Australia! These were the terms on which the Ballin Combination compelled our lines to trade.

Similarly aided by State subsidies, the German Kosmos Line used to come into the Thames to take goods to Chili. What a change from the days of the Navigation Laws, which passed out of existence in 1849, expiring as it were with the birth of free-import trade! A clause in the Navigation Act passed in Cromwell's time enacted that the ship should be the genuine property of a British subject, or, to quote the exact words :

“ In those ships alone are goods allowed to be transported into this Commonwealth of England or into Ireland or any other lands, islands, plantations or territories of this Commonwealth belonging or in their

possession or in any other ship or ships, vessel or vessels whatsoever, but only in such as do truly and *without fraud* belong to the people of this Commonwealth."

We have held the premier position as the great maritime Power, and as the chief ocean-carrying traders of the world since we took that position over from the Dutch in the seventeenth century, and if we mean to hold it we must spare no effort to build more mercantile ships to replace any we have lost during this war, while taking at the same time other steps to safeguard the supremacy of the seas in order that, at least in every British port throughout the world, any attempt to wrest our position as the first maritime Power from us by means of subsidies to foreign shipping, or other device, shall be thoroughly defeated.

So far as one can see, no one until recently cared at all where the trade of the Empire came from or went to, or who carried it from one part to the other, least of all the Colonial Office. It was like a mighty stream, with tributaries in every part of the British Empire, bringing wealth and prosperity to Germany in order that the latter might have ample wealth to prepare for "the Day," to let loose her myriads of trained troops and utilise her vast stores of armaments and endeavour to drive from the seas the mercantile marine of Great Britain and her Allies, vanquishing their navies and enabling Germany to dominate the universe.

In a report dealing with bounties and subsidies in respect to shipping, shipbuilding, and navigation issued by the Foreign Office in 1913, one finds shipping bounties on the construction of ships and their running

given by various countries. With regard to the German Empire these bounties do not take the form of a premium on the construction of ships, but consist of special custom facilities for goods destined for use in shipbuilding yards, and preferential railway rates on shipments. As the duties charged in the German tariff are very high, the remission of these custom dues on material for shipping must have greatly aided the German shipbuilders, and it is a matter of some doubt whether we have quite got to the bottom of all the bounties they actually did receive.

Regarding the bounties granted on railway rates the facts stated in this report are as follows: Two German steamship companies, viz. the German East Africa Line of Hamburg and the German Levant Line of Hamburg, receive assistance from the State in another form which is equivalent to an indirect bounty. This assistance is given by granting largely reduced rates of carriage by all German State railways to goods exported from inland places of Germany, on through bills of lading, either to East Africa or to the Levant respectively, by the German East Africa Line or the German Levant Line steamers. The railway portions of these combined land and sea through rates of freight, which were introduced for the Levant Line on June 15th, 1890, and for the East Africa Line on April 1st, 1895, are understood to be much lower than those in force for goods sent to German ports for direct exportation by sea.

The rates of the Levant Line Tariff are based upon the arrangement made by this company with the German Government for carrying German exports from the interior of Germany to all parts of the Levant

(excepting Tunis and Tripoli), including Malta, Alexandria, the Piræus, Smyrna, all important ports of Turkey, Bulgaria, Roumania (and various stations of the Turkish and Bulgarian railways), and all ports of the Black Sea. Besides being favoured by the reduced sea freights of the Levant Line and on the German State railways, goods sent by this company's steamers on through bills of lading profit also by reduced rates of carriage on the Turkish and Bulgarian lines, if they are destined for stations thereon. It will be seen by the above that the German Government prior to 1913, by this process of "peaceful penetration," obtained preferences on the transit charges of their goods in the countries of their present willing or unwilling Allies—Turkey and Bulgaria.

If you examine the coast-line of Great Britain and the countries of her Allies you will find that they have a preponderating share of the chief ports and harbours of the world. That fact should give us food for much reflection. At a meeting of the Empire Parliamentary Association held at the House of Commons this summer to consider various matters regarding the welfare of the Empire generally, which was attended by a large number of men who took an interest in those matters in the United Kingdom, including peers, Members of Parliament, etc., and a goodly number of leading Ministers and statesmen of the various Dominions, Sir Charles Foster gave a very instructive and lucid address on "Trade and Commerce after the War." A debate ensued in which many of the members of the Conference took part, and during the course of it the present writer ventured to offer a suggestion to the Conference which may be here briefly recapitulated.

Before this is done reference should be made to the fact that whilst this war has been proceeding those few German warships that for a time escaped the vigilance of our Navy have made a rule unto themselves in defying all precedents of civilised naval warfare. Cruisers and submarines of this German mushroom navy have sunk at sight passenger liners such as the *Lusitania*, the *Falaba*, also even hospital ships as well as fishing vessels without number, and their crimes also include the recent murder of Captain Fryatt, who did his duty as a British captain should in defending his vessel the *Brussels*.

The suggestion put before the Conference previously referred to was that in order to "make the punishment fit the crime," during the reconstruction period after the war, with the consent of the British Dominions and the Empire of India, we should charge within the Empire an additional port due in the nature of a surtax on the tonnage of any German mercantile vessel on its being allowed to enter any port, harbour, or dock in any part of the Empire. If all the Allies acted in the same way, as they probably would, the penalty would be a more effective punishment for the enemies' breach of international law at sea, and a more effective mode of preventing its repetition, than diplomatic "notes" and similar protests.

In regard to the murder previously alluded to, Mr. Balfour said last August, in touching upon various subjects relating to the fleet :

"Doubtless it is their wrath at the skill and energy with which British merchant captains and British crews have defended the lives and property under their charge that has driven the German Admiralty

into their latest and stupidest act of calculated ferocity—the judicial murder of Captain Fryatt. What blunderers they are! I doubt not their ability to manipulate machines, but of managing men, unless it be German men, they know less than nothing. They are always wrong, and they are wrong because they always suppose that if they behave like brutes they can cow their enemies into behaving like cowards. Small is their knowledge of our merchant seamen.”

Yes, as Mr. Balfour said, “What blunderers they are!” Surely some amongst the leading men of this Germanic race, not absolutely saturated with the Nebuchadnezzar-like exaltation so conspicuous in high quarters, must have known that the various pin-pricks they have from time to time given us both by sea and land, such as murdering civilians at Scarborough and elsewhere in Great Britain, have only roused our people to rally to the flag, to work in the munition factory or the shipbuilding yard.

Again, they blundered about the result of their throwing down the gage of battle to Great Britain by tearing up a treaty, and, without a scintilla of excuse, invading Belgium; they thought that their schemes in South Africa, Egypt, and elsewhere would rend our Empire and Protectorates asunder, instead of having a totally contrary effect. From all quarters, from the Great Empire of India, from the self-governing Dominions, and from the Crown Colonies, came spontaneous expressions of the determination of a loyal and a high-spirited people to throw in their lot with Great Britain in the dire and terrific struggle which they all knew was impending. Without hesitation and without reserve did they offer to help us, and nobly have they

carried out their offers of assistance, by giving us men, by drawing upon their resources, and in every other way. Some day the full story of this will be known to the world, and the muster roll of the brave soldiers they sent to the flag will be published, and then we shall have a record to be proud of. One of the greatest assets of an Empire like ours is, so to speak, its crop of men and women—not only their mere numbers, but their quality, their courage, their determination, and, of course, their physique. The people of the British Empire have lately been tried in the fires of stress and have not been found wanting in any way. History has shown us that a degenerate race, without those characteristic qualities, soon declines, and becomes the easy prey of a more virile, brave, and healthy people.

Turning from the general attitude of loyalty thus displayed, it may be interesting first to refer briefly to the splendid effort made in support of the Motherland by “the old Dominion,” as it is proud to be designated. Canada has sent contingent after contingent across the seas to the Old Country. Nor is this, as we are all aware, the first time by many that Canada has either shown her willingness, if required, to send her sons as reinforcements to the British Army, or has actually dispatched them to stand shoulder to shoulder in battle with troops raised in the United Kingdom. History tells us that after the rescission of the thirteen American Provinces from Great Britain, nearly thirty thousand of those who dissented from that disruption left what is now the United States and migrated to Canada, largely to the Maritime Provinces and to Upper Canada. These men were known as “The United Empire Loyalists.” Unfortunately the subject we are dealing



with in these pages does not directly lend itself to a lengthy reference to the desperate and entirely successful three years' defence of Canada and “Imperial Unity” against tremendous odds during the years 1812, 1813, and 1814, in which many of the Loyalists bore a gallant part.

There was only a handful of British regular troops then in both of the Canadian provinces—about four or five thousand, as England was at the time hard pressed for soldiers and struggling for her life in Europe. Our troops were nobly supported by the United Empire Loyalist Militia, and also by the French Canadians, who sent as many of their militia regiments as were required most willingly. The latter fought alongside of their British fellow-subjects and almost as one man showed their unswerving loyalty. The British Canadian joint forces, though half the size of their opponents' forces, had the advantage of being well led by an able British officer, Governor and Commandant of the Upper Province, Major-General Sir Isaac Brook, and leading counted for a good deal in those days. Since that war the Canadians and their southern neighbours have lived almost uninterruptedly in amity, and no serious difference has occurred between them. The war alluded to, together with the United Empire loyalist traditions of so many of the old Canadian families, accounts for many things which it is not only difficult for the machine-made Prussian official to understand, but which are also lost sight of by the unthinking amongst our own countrymen.

At the termination of the Napoleonic wars in 1815 and the consequent reign of a universal peace, a fresh start was given to Canada by the immigration into that

country of, in the first place, thousands of soldiers who were disbanded at the close of hostilities. A large number of retired naval and military officers, as well as the disbanded soldiers, were given grants of land in Canada, mostly in the Upper, but a certain number in the Lower Province. There were also large numbers of both Highlanders and Lowlanders from Scotland who went to Canada about that time to seek their fortunes. To these was added a large influx of agricultural labourers and hand-loom weavers from the northern districts of England, the latter being thrown out of employment owing to the introduction of improvements in machinery and the concentration of work in urban mills. The bulk of these immigrants proceeded to the better lands of Upper Canada, though some went to Quebec or the Maritime Provinces.

Although the Federation of all the British North American Provinces had long been in the thoughts of many Canadian Governors-General and statesmen, and was even discussed by many far-seeing people as far back as 1812, it was never considered practical or taken up in earnest till Canada found a man of shrewdness and strongly imperialistic views in the late Sir John A. Macdonald, who tackled the question in earnest, and, aided by other Canadian statesmen, including the late Sir Charles Tupper, was enabled to carry it through. The time he chose for his effort in this direction was, no doubt, an opportune one; he took it, and did not, as another man of a more dilettante turn of mind, in his position as Premier, might have done, make one or two mellifluous and well-turned oratorical efforts setting forth its advantages, and then let it drop. The difficulties he had to encounter were

innumerable, but they did not daunt him, and at length all the various provinces except three (two of which have since joined the Dominion of Canada) having agreed to federation, a convention was held of delegates from the assenting provinces at the Westminster Palace Hotel, London, just half a century ago in the winter of 1866-7. They settled the details, and in the March of 1867 the British North America Act passed without opposition through the Imperial Parliament at St. Stephen's, and received Queen Victoria's assent.

For general convenience and security of situation, as well as to prevent jealousy and contention, the capital was fixed at Ottawa, hitherto an obscure country town. The Constitution was most carefully framed; it has much in common with the constitutional precedents of the United Kingdom, together with some borrowed from the United States, care having been taken to avoid any points of possible divergence or weakness which the American scheme had shown, such as the line of demarkation between Federal and State rights, which were partly, no doubt, the cause of the great civil war between the Northern and the Southern States of that Republic. It has also some features *sui generis* to suit the circumstances of the country for which it was framed. It has proved by experience to have worked smoothly and well.

The Dominion Cabinet's work for the first twenty years was mainly in regard to two questions, both of vital importance to Canada. The first was that of framing a tariff high enough to prevent the rising industries of Canada being submerged and swamped by a flood of foreign imported goods, more especially those of her southern neighbours. After 1866 America

was feeling the result of her heavy debt, contracted during the civil war. Favoured by a then comparatively low Canadian tariff, she was pouring her products into Canada, and this was found to have an immediately bad effect on Canadian manufacturing industry, not merely one of a threatening character.

It must be understood that a Free Trader in Canada at that time was not, in the British Cobdenite sense of that expression, in favour of free imports. Free Trade in Canada meant a tariff for revenue on all conveniently taxable commodities. Those who opposed that policy were in favour of having a tariff so high that home-made goods could compete with foreign manufactures. The divergence of opinion in the Canadian Federal Parliament respecting the tariff was one of degree only as to how high the duties should be, and not, as here, involved in the question as to whether free dumping of foreign goods should be allowed or not. To the British mind a difference between fifteen and thirty per cent. duty may not appeal, or seem likely to constitute two bitterly opposed schools of economic thought, but undoubtedly this was what happened at that time in Canada.

It should also be borne in mind in this connection that at the expiry of the commercial treaty with Canada in 1865 the United States, who were at that time anxious to convince Canada how much she lost by not being a portion of their Union, refused to renew the reciprocity treaty. The Americans were then also sore with Great Britain owing to the escape from an English port of the *Alabama*, which had captured or destroyed many of their merchant ships during their civil war and also broken their blockade. We agreed

to arbitration in this matter, the award went against us, and we paid a large sum in compensation for the damage done. The consequence of this refusal in regard to reciprocal trading with America, and, secondly, the dumping of goods on the Canadian market from the States, caused serious depression in Canada; they had then only three million inhabitants against forty million in the States.

Soon after this the Canadian Premier, Sir John Macdonald, carried through his famous measure known as “The National Policy,” which consisted in imposing a duty averaging about thirty per cent. on all imported goods. This protection of home industries has remained ever since the basis of Canadian policy, and when in 1896 a Liberal Government, after being seventeen years out of office, came into power, the Free Traders had vanished from the land, and the new Government carried on the same fiscal policy as their political opponents.

One of its earliest acts, under Sir Wilfrid Laurier’s premiership, was to grant preference—that is, a reduction of about one-third of the duty on certain British goods, which greatly increased the volume of British trade into Canada, more especially the woollen trade of Halifax and Bradford in Yorkshire. Soon after the introduction of the higher tariff in Canada to which we have previously alluded, the exports of our woollen goods fell in value by about one-sixth, and there was great depression in that industry in this country. As our woollen manufacturers in Yorkshire feared that one result of the new tariff would be the loss to them of the power of selling at a profit in Canada, a deputation of Yorkshire woollen manu-

facturers moved in the matter, and sent a deputation respecting their industry to Sir Michael Hicks-Beach. They told him their markets were depressed, and this, they stated, had been in a great measure caused by the exclusion of their manufactures from Canada, this being the result of the Canadian protective tariff. Sir Michael Hicks-Beach in reply informed them "that he should consider very carefully what they had placed before him." That is just the kind of stock reply a Minister in a "free-import trade" country has to make if an industry is being destroyed from the effects of a foreign tariff. The words were spoken as long ago as 1878, but they might be kept for use whenever a deputation of manufacturers is received at the Foreign Office until we change our present hopeless and helpless tariff system.

It is, undoubtedly, a matter of great regret that no reciprocity has been shown by Great Britain for this graceful and generous act on the part of the Old Dominion in giving a 33<sup>1</sup>/<sub>4</sub>th preference to certain of our exports under their tariff, nor has it been properly understood and appreciated by the working-men of the United Kingdom, who are led like a flock of sheep by a number of noisy political agitators to vote for what are wrongly called "Free Trade" candidates. Both Halifax and Bradford return "Free Traders," or men who certainly would have refused to give any preference to the industries of Britons beyond the seas in Canada, or anywhere else.

A few words here regarding the plan of prohibiting imports which the late Government jumped at in order to evade the real remedy, namely, a British general tariff, will be much to the point. It is, of course, as

they know, ultra-Protection, and only intended to be a temporary measure. In Canada it is, however, hoped that in any new measures of a permanent character which will be taken to restrict imports it will be remembered that Canada and Australia are partners with England in peace as well as in war. That view is largely held also in the United Kingdom, and will be, we believe, the opinion of the majority of our people, if it is not in fact so at present. Whether any of our leading statesmen in the United Kingdom will have the courage to grasp the nettle, and really spare no effort to carry a definite national and Imperial fiscal system through, we shall in due course see.

The second great question which, despite great difficulties, was surmounted was the construction of a great arterial line from east to west to open out the enormous and prolific resources of the great North-West, the Prairie Provinces, and British Columbia, to give easy communication between one part of the Dominion and the other without crossing into United States territory, and to rectify in a great measure the mistake caused by the large extent of territory our commissioners surrendered in 1842, when, without warrant, and apparently without necessity, they gave up to the United States not only as fine a piece of territory as any in the world, including parts of what are now Ohio, Indiana, Michigan, and Illinois, but also, in a measure, cut off one part of Canada from the other, and isolated British Columbia from Montreal and Quebec. It is idle to speculate on the value of the territory we then flung away, or how much larger and better knit together the confederation of Canada

would now be had we not given up a large part of her most valuable corn-producing districts. This blunder—for it was a blunder—has been partly rectified by the construction of the Canadian Pacific Railway; and if Canada can never have a “scientific frontier” in a commercial sense, one must trust that these commissioners decided on a satisfactory frontier in certain other respects.

An epic might be written about the construction of the Canadian Pacific Railway and the courage and pertinacity with which the late Sir John Macdonald and the men who afterwards became Lords Strathcona and Mountstephen, and others of equal grit and determination—some might say, rashness—stuck to their guns and carried it through. They were, in truth, the life and soul of what often appeared to be a hopeless enterprise. Two of them have lived to see it paying handsome dividends, and it has opened out to the world some of the best corn-growing and cattle-raising regions in the world. Far from it being sufficient, however, to serve the prosperity it has helped to make, and the whole of the country whose successful future it has created, another great line is being built farther north parallel to it.

British Columbia was very keenly in favour of the construction of the Canadian Pacific, and, in fact, joined the federation on the strength of a promise that it should be made. That important province is fortunate in possessing a milder climate than the rest of Canada, and is more English and less American than any other part of the Dominion.

Notwithstanding the enormous increase in acreage under corn in Canada since the beginning of this century,



there are now more than thirty-five million acres, and the extent of the live stock within her borders, which in 1914 included nearly three million horses, over six million cattle, two million sheep and four and a half million pigs, Canada has not, as yet, been fully developed, and the day will probably come when three times the present quantity of cereals will be grown, and when her live stock will be far more numerous than it is to-day. There are immense tracts in her corn-growing zone now untouched, and doubtless when the population is larger the land will produce millions of hundred-weights more grain than at present. The population of Canada is now about seven and a half million, what will it be when this century closes? The best men to emigrate are those with some practical knowledge of farming, and the most successful settler in a new country is a man who goes there after deliberation, and with the facts before him, also the assurance that he has the requisite qualities for his task—i.e. energy, skill, and determination.

From time to time there are great booms in Canada; there was one when this century was young, in 1901-2, another twenty years previously. Thousands then rushed to Winnipeg, which in two years reached a population of thirty thousand. Many of the farmers and their sons in the Province of Ontario left for the promised land. Manitoba and its neighbouring provinces are marvellous regions for corn-growing and cattle-raising owing to the great fertility in many parts of their soil, and at that time exaggerated stories were told about them. It was, it is said, a local jest in Canada that nobody who returned from Manitoba could ever speak the truth again!

It is interesting to note that in seventeen years Canada nearly quadrupled her total trade. In 1897-8 it was \$304,475,736, and in 1914-15 it had mounted up to \$1,120,253,772, so that Protection does not seem to have injured either the manufacturing or the agricultural prosperity of the Old Dominion. Let us hope, as we have previously urged, that she has in the future a prospect of increased mercantile transactions with the United Kingdom under a well-arranged system of mutual reciprocity.

At a luncheon given at the House of Commons by the Empire Parliamentary Association in November 1916, when Sir Thomas White, Finance Minister of Canada, was the principal guest, Mr. McKenna, at that time the Chancellor of the Exchequer, who presided, in proposing "Canada and the Empire" said: "Who would have believed that Canada, whose financial development had made it necessary for her to be a borrower year after year in the money market of London, was to become not a burden, but a financial aid to her Mother Country?" And he also added that "the balance of trade which was formerly against Canada had now turned in her favour." This acknowledgment that it is more beneficial to a country to sell more of its goods and products than to buy an excess quantity of them is an admission, coming from a Free Trade Chancellor of the Exchequer, of some importance.

Sir Thomas White, in his reply, told those present, of whom the present writer was one, that Canada had already sent a quarter of a million men overseas to the war, and that there were as many more to follow, and, speaking of the vast resources of the oversea Do-

minions generally, said : " Had we realised that they were rich in natural resources beyond the dreams of Empire ? " His earnest counsel was to develop those resources and promote trade within the Empire. In urging the inception of that policy by a system of preference within the Empire, he contended that it was " a matter of purely domestic concern."

It should be the duty of far-seeing statesmen in this island mother home of our race to see that the links which have bound us together in danger should be thoroughly welded in time of peace and prosperity—and one cannot do better than conclude these few remarks on the Old Dominion, which the author has visited on many occasions, and for which he has a great admiration, by quoting the following extract from one of the late Lord Dufferin's eloquent addresses :

" In a world apart, secluded from all extraneous influences, nestling at the feet of her majestic mother, Canada dreams her dream and forebodes her destiny—a dream of ever-blooming harvests, multiplying towns and villages, and expanding pastures, of constitutional self-government, and a confederated Empire, of page after page of honourable history added as her contribution to the annals of the Mother Country, and to the glories of the British race, of a perpetuation for all time upon this continent of that temperate and well-balanced system of monarchical government which combines in one mighty whole, as the eternal possession of all Englishmen, the brilliant history and traditions of the past with the freest and most untrammelled liberty of action in the future."

Let us turn next to the great Commonwealth of Australia, whose federation was inaugurated on

January 1st, 1901, when the various States of which it is composed joined together under the executive power of one central Government with authority over commerce, navigation, finance, defence, posts and telegraphs, and certain other matters.

The area of this important part of Greater Britain exceeds three million square miles, whilst its total population is at present about five million. Needless to say, with the exception of the tropical coast-line of the north, this continent contains a climate nearly everywhere highly suitable to Europeans, and a very equable range of temperature, and it alone awaits a larger inflow of immigrants to open it out and develop its great agricultural, mineral, and other resources.

If an emigrant to Australia expects a paradise on earth he will not find quite that. It has great natural advantages; on the other hand, it has, as one finds everywhere else, a few things which may occasionally occur of an adverse character, such as droughts or floods, not to mention in certain parts well-meant but occasionally slightly harassing legislation. The first of these three is greatly palliated by irrigation and the sinking of artesian wells, the second by dams, and the last by legislative amendments. Australia is, notwithstanding, a place where a man with energy and determination can not only make a comfortable living, but, if fortune smiles on him, accumulate considerable wealth.

When this war broke out the Australian Government discovered that its generosity had been abused, and that the stranger within its gates from Germany had established a practical monopoly of many of the minerals and other natural products which bountiful

nature had placed within their territories. They acted in that matter with a promptitude and decision that left nothing to be desired, and which might have been copied with most satisfactory results nearer the capital of the Empire. They cancelled by legislative enactment all these contracts which gave the enemy control of zinc, wolfram, etc., that were urgently required for military purposes to defend Greater Britain. They did so because the contracts were against public policy, as Mr. Runciman, M.P., who was then President of the Board of Trade, said in his place in the House of Commons last year :

“ Australia, as soon as she knew we needed wool badly, prohibited the export of wool outside the British Empire. Australia throughout, from the very beginning, not only in regard to metal but also in regard to wool, has acted in strict harmony with us and with enthusiasm. No sooner did they realise in Australia and New Zealand that we required larger supplies of frozen meat than they at once, with all the enthusiasm of youth, said that they would take every animal, and that every animal that passed through the abattoirs of Australia and New Zealand should be placed at our disposal ; and,” Mr. Runciman added, “ without that large and direct control we should have found it difficult to have kept ourselves supplied.”

In October 1916 an arrangement was arrived at between the Imperial and the Australian Governments in regard to practically the whole surplus grain stock of Australia being acquired for the benefit of the inhabitants of the United Kingdom, in order to keep the price of bread down in these islands as far as is possible.

How did the Germans set about getting hold, as they thought to our disadvantage, of the natural wealth of Australia whilst they were preparing for this war prior to 1914 ?

As the sea by beating against the shore finds out any weak spot where its defences are not sure, eats into it and undermines it by its ever-recurring and persistent attacks till the foundations are washed away, and the cliff falls into the devouring maw of the destroying element, so the Germans by their system of so-called "peaceful penetration" in Australia and other parts of the British Empire made their attacks to undermine our industries and trade and annex our natural resources to our undoing. Sometimes this attack was made openly by the promotion of German Joint Stock Companies and clubs, the latter frequently to advocate Pan-Germanic principles; more often this attack was made by more stealthy methods, to undermine and, if possible, destroy our position as a world Power, and also as a great trading and industrial community, by a scientifically organised system of robbery by erosion. It does not appear that either Austria or Turkey, now their willing, or unwilling, co-partners in the present war, were either cognisant of all this, or guilty of acting with them in this pre-war mode of aggression.

When Australia sets about doing a thing she is nothing if not thorough, and as her Prime Minister, Mr. Hughes, informed an audience which he addressed at Liverpool, at the end of last May (1916) :

"There was not [at that time] one German company in Australia, there was not one company in

Australia with a German shareholder ; yet when the war broke out the control of Australia by the Germans was at least as complete as the control of Belgium by Germany. All our metals, all our great financial interests were dominated by her. To-day her influence simply does not exist."

Who that has seen the regiments of either Canada, Australia, or New Zealand march through the streets of London, and marked the splendid physique of those wiry, strong, and well-set-up men, looking as if they were absolutely fit, can deny that the environment which Britons beyond the seas enjoy conduces to make the fine specimens of manhood the Anzacs have sent to Europe, to uphold the honour of the flag of the Old Country, and to stand shoulder to shoulder with the five million sturdy soldiers from these isles who have also volunteered at the call of duty to fight the good fight ?

When peace comes, it should be our duty to keep as many as possible of these men within the Empire's ken, and not to lose more than we can help or let them emigrate to other lands and drift away from the Empire they have sacrificed so much to maintain. On that, it is satisfactory to note that in New South Wales, according to reports received, they are already preparing land and homesteads, and even, to some extent, arranging to stock them, by the voluntary efforts of their citizens to give, at the conclusion of the war, to some of the soldiers returning to their shores a comfortable and suitable reward, and, it is to be hoped, one which, aided by their endeavours, will secure to them a competence for the rest of their lives.<sup>1</sup>

<sup>1</sup> See Appendix II.

The peopling of Australia is one of the great problems that have to be solved, and from that fact it would appear quite as important to open absolutely new districts by railways as to devote so much attention to cutting up the large sheep runs into farms for closer settlement by small farmers. In Australia nearly all the railways are owned and worked by the various States. They have been built not so much to open out new country, as in Canada, South Africa, the Argentine, and even Siberia, as to provide facile means of communication for the present population, who very naturally, through their representatives in the various State parliaments, use their influence to get new lines made to serve their own districts. They argue that it is better to lay lines through those areas which are fit for closer settlement than to risk public money on lines like the Canadian Pacific, for instance, in the Old Dominion, to act as a pioneer for opening out a country for development.

They are in favour of State-owned railways as against ownership by private companies, and they have been strongly opposed to giving grants of national land to private groups of individuals to aid them in the construction of railways, priding themselves on the fact that, with the exception of about ten thousand miles of privately owned railways, no interest has to be paid to railway shareholders for the capital expended by them. They are, however, apparently oblivious of the fact that their country has borrowed something like £140,000,000 sterling from the British investor for railway construction, and that the latter receives his rate of interest for the money lent, and has the guarantee of the State Treasury, and does not,



therefore, run any risk whether the railway pays or not. The Australian Government pays a higher rate of interest for bonds than the 3·66 per cent. which is the amount the railways in Australia earned on their total capital in 1912-13.

It would also greatly conduce to cheapness in freight and to increased facilities for intercommunication between various parts of Australia if there were, as is the case in Great Britain, a uniform gauge of railways instead of, in New South Wales, one of 4 ft. 8½ ins., in Victoria and South Australia one of 5 ft. 3 ins., and in Queensland, Western Australia, and Tasmania a gauge of 3 ft. 6 ins. We found the disadvantage of this break of gauge some years ago in this country, and so the Great Western Railway changed the whole of their system from the broad to the narrow one of 4 ft. 8½ ins. ; consequently we have established uniformity in that respect in all arterial lines, and the loss of time under the double gauge is avoided.

The cause of this divergence of gauge in Australia was that each State, a few years ago, before the federation of the whole continent into a United Commonwealth, looked on itself rather more as an insular or isolated unit than as a part of a great united whole. There is a consensus of opinion now that this should be remedied throughout Australia, though the expense of so doing would be a heavy one. In due course, if the powers are exercised for the Federal Government to control all the States' railways, this question will probably be taken up and uniformity established.

It will be seen from this that the tendency in Canada is for the new-comers to go West and open out new rural areas, whereas in Australia it is to settle them

on the land already partially opened out by the pastoral farmers or "squatters," as they used to be called, or to join the already disproportionately large urban populations to the whole community in the cities and towns. Hence there are fewer people in Australia on the land than one would expect, although the life that country can offer to an agriculturist is, as a rule, both a pleasant and a happy one.

Many more of the people of these islands who emigrate go to Canada than to Australia. Why is this? Why should Canada, with its long winter, attract more settlers than Australia with its genial climate? Several reasons may conduce to this: in the first place the journey to Canada is much shorter than to Australia; then, in Canada, the regulations as to the admission of an immigrant are not so severe as is the case in Australia—in fact, there is no hindrance put in the way of a skilled workman in entering Canada. Again, the grant of land which a new settler is offered in Australia, whilst very liberal as to terms, is in most if not all the States not absolutely free as is the case in the grant of a hundred and sixty acres of free land in Canada.

Prior to the great war Australia had no organised industries whatever, but now three industries are organised—wheat, sugar, and metals. In agriculture some of the State Governments had guaranteed the farmers a minimum price for all wheat grown on new lands, and as the result of that and other subsidiary inducements ten and a half times as much as before had been produced. They had made similar arrangements regarding the sugar-growing industry; stringent laws have been passed prohibiting the labour of Pacific

Islanders on the sugar estates in the tropical part of Australia, which district is said to be unsuitable for white labour.

That, of course, brings one to the somewhat knotty subject of a White Australia, which is a difficult one to approach, as there are, no doubt, many arguments in its favour and but one or two against it, and which is mainly, if not entirely, a question for the Australians themselves to decide. In the first place they see that the importation years ago of slave labour from Africa into America has not been altogether a success, despite the fact that the sugar and cotton growing in the Southern States was thereby expedited. Then, no doubt, the Australians feel that if they opened the sluice-gates to Asiatic immigration for the teeming millions of Asia they would soon be swamped, and that the competition of these races of men working long hours for little pay would drive down their workers' wages, or leave them unemployed, and this would mean the difference between comparative comfort and penury. Further, this economic invasion of Australia by Asiatics might lead to one of another sort. Apart from that altogether, from an Imperial point of view the difficulty lies in the exclusion of the inhabitants of India, the Straits Settlements, and Hong-Kong (all British subjects) from Australia. It may be considered that this difficulty could be partly met by limiting the number of immigrants allowed to enter the northern zone of Australia from these parts of the Empire.

One has to face the fact that that part of Australia, with its tropical heat, is barely suited for European labour, and that the northern territories, "the great

lone land," as it is called, is left almost deserted by the inhabitants residing in more temperate and favoured regions in the rest of that continent ; and though it is said to be in many portions of its vast and, at present, little known area suitable for the growth of sugar and other tropical vegetation, little is yet done by its thousand or so white inhabitants to develop it. Indeed, owing to the paucity of their numbers, how could they ? This is a difficult and a delicate subject which the able administration of the Commonwealth of Australia, in the interests both of Australia and the Empire, will some day have to meet, and which we trust they will solve satisfactorily.

To settle industrial disputes the compulsory arbitration laws of Australia can be put in force. Nothing is outside their jurisdiction—wages, hours, privileges, duties, or preferential employment. No workman of any other country—an Englishman for instance—is permitted to enter Australia even if he has entered into a contract with an Australian employer, unless the Minister of External Affairs is of opinion that there exists a difficulty in obtaining a worker of equal skill and ability in the Commonwealth. Therefore, although wages are higher, hours shorter, and conditions of employment in Australia satisfactory, the skilled British artisan does not emigrate to that country as a rule, for, even if he takes the precaution to get a definite job before he starts on his long and expensive journey thither, he may not be allowed to land, and he does not care to take his chance of getting work such as he is used to on arrival, as, if he fails to do so, he is forced to turn his hand to any employment he can obtain.

Australia, being a continent by itself, had not in its

borders formerly many of the animals, such as sheep, common in nearly every other part of the habitable globe, and the tremendous Australian sheep-raising and mutton- and wool-exporting business has grown up in practically little over a hundred years. A few sheep were imported from Ireland and a few others from India and New South Wales ; they appeared to thrive well, and shortly after that, in 1797, several fine wool merinos were imported from the Cape and distributed amongst six or seven of the squatters.

Mr. Foster Frazer, in his work on Australia, mentions that—

“all these little flocks which were consequent upon their importation disappeared, except that of Captain Macarthur; they were probably eaten. Captain Macarthur crossed his Cape sheep with those already on the island. Later, in England, when George III had a sale of the progeny of sheep which had been presented to him from Spain, Macarthur became the possessor of some of the best and paid the highest price that has ever been paid in England for sheep. These he proposed to export to Australia. Curiously enough, he was for a time barred by an ancient statute which made it a felony to export live sheep from Great Britain. That difficulty was overcome by the exercise of common sense. Macarthur brought his sheep to New South Wales. By judicious breeding he began cultivating sheep for their wool. This process has been continued until to-day. No sheep in the world carry so much wool as do those of Australia”—

or wool which is more highly esteemed by the manufacturers of Yorkshire or France and elsewhere. It is long, thick, and beautifully fine.

From such a small beginning so recently undertaken what an important industry has arisen, both in regard to the exportation of wool and now by the process of cold storage of mutton ! Of all the mutton imported into the United Kingdom in 1911-13 Australia sent us a quarter, whilst of the enormous quantity of our wools from overseas no less than thirty-six per cent. comes from Australia, which possesses now over one hundred million sheep.

Besides the absence of indigenous sheep in Australia there was not, at the end of the eighteenth century, a horse, a cow, a rabbit, or a sparrow. They are there now, needless to say, in abundance. And the rabbits and the sparrows the Australians could do very well without.

On the arrival of the conies the climate appears to have suited them so well that they increased and multiplied to such an extent as to become a scourge ; they would, especially in a dry season, eat up every blade of grass on the squatters' land and leave none for the sheep to feed on. They were literally all over many districts in their millions ; they became a pest and were regarded as vermin by the Australian settler. Thousands of miles of wire fencing were put up to keep them out. Every means that could be devised to kill or trap them was adopted, but for a long time little impression seemed to be made on their numbers. No Australian will eat them, though now, owing to the means of exporting them by cold storage to European markets, and the value of their skins, they are considered to be rather less of a nuisance than they were. Still, they are no more favourably regarded by the Australian farmer than the grain-devouring sparrow.

Being aware of the scourge which rabbits had been in Australia, and knowing that in the United Kingdom they have plenty of enemies to keep them down, and that, except in a few districts, they are not over-numerous but command a good market price, one confesses that one was astonished to read in an English journal recently that—

“the Australian can make a good living catching rabbits—the more he catches the more people like him. The Englishman is more likely to get three months in prison if he tries to catch any.”

That statement is hardly a fair one, as rabbits are not the pest in England that they are in Australia. If a man robbed an orchard either in England or Queensland, Australia, and was caught stealing a basketful of apples, he would be equally punished in either country.

In most industries there is a somewhat lengthy period before the receipts from the produce come in ; not so in the case of the dairy farmers, who are paid in Australia monthly for the products supplied. The Government of Victoria have done all in their power to stimulate dairy farming and have established butter factories, and also given instructions to dairy-men to establish those factories on the co-operative principle. They have also given, by way of further encouragement, a graduated bonus on butter with the higher premium on the product which fetches the higher price in the London market.

The amount of butter imported to the United Kingdom from Australia, according to the report of the Royal Commission on Food, etc., “of certain por-

tions of His Majesty's Dominions " recently issued, had almost doubled between 1901 and 1914, in the former year being 248 thousand hundredweight, and 438 in the latter. The rise in the amount of wheat sent from Australia in those two periods was even more marked, being for the first-named year 5·4 million hundredweight, and for the latter no less than 12·1 million.

The resources of Great Britain, though large, are limited, those of the British Empire as a whole are boundless; and when thoroughly developed in all directions its mineral as well as its agricultural wealth will place us in a position of great economic strength. There are difficulties in carrying out all the vast Imperial problems which have to be solved, and the greatest difficulty will be the one we have made for ourselves. If, however, we show the same determination to conquer any obstacles that are set in our way that the men showed who were the pioneers in Australia, we shall overcome them. They had a watch-word which we should remember and adopt the spirit of, namely, "Advance, Australia."

In New Zealand, as in all the British self-governing colonies, the Mother Country contrives to make her sovereignty felt as little as possible. Therein lies one of the secrets of her success as a colonising power. She does not rule and dominate, but is, as it were, the first amongst equals. The visible links in the chain which bind the United Kingdom and the Dominions are the King, by his deputy the Governor, the fact that the coinage bears his portrait, and that letters are forwarded by the Royal Mail service. The whole of the rest is self-government, from the Executive which



controls the administration, to the various municipalities and road boards; and yet there is a strong sentiment of oneness with the centre of the Empire, which is felt even in the most distant Dominion, and though the journey to London from New Zealand takes five or six weeks, it is spoken of as "a trip home" by many who have never seen these shores before.

In many respects New Zealand is a close replica of the Old Country, though not, of course, in all directions, and it thus follows out the contention of that grand old colonist, Gibbon Wakefield, that a colony ought to be in almost every essential a duplicate of the country by which it was established—with this difference, that everything good should be selected and everything bad in the parent State be rejected. He also, to obviate the improvidence and reckless distribution of waste lands, which led to too great a dispersion of the inhabitants, advocated the abolishing of free grants of land, and charging for it what is termed "a sufficient price," such price to be registered and to vary according to the circumstances of each case. The acquisition of land in New Zealand is now practically, however, within the reach of all emigrants.

As the mode of holding land in New Zealand has been altered by legislation as recently as 1907, a few details respecting that change will be here referred to.

The New Zealanders have not generally adopted the system, which obtains in most of the provinces of their neighbours in Australia, of alienating the land once and for all, of granting freeholds and using the purchase price as revenue. They have instead adopted

a way they consider better, and place to capital account the cash paid by each individual for the absolute acquisition of the national land.

Prior to the passing of the Act of 1907, the New Zealand executive had let the land at a nominal rental on nine-hundred-and-ninety-nine-year leases. Sir Joseph Ward, who was Prime Minister ten years ago, determined to do away with what he described as "this eternal leasehold system" of holding land, and succeeded in his efforts.

Under this statute, now in force, there are three ways of acquiring land from the authorities of this Dominion; firstly, by the purchase of the freehold tenure, though certain improvements have to be effected before the full title to the land is granted to the purchaser; secondly, on a lease of twenty-five years' duration, with the annual payment of five per cent. on the value of the land so leased, and the right to buy the freehold after the first ten years have elapsed; thirdly, on a renewable lease for thirty-three years, and after that period has elapsed the lease to be renewed if desired, but subject to a re-valuation and an increased rental if the value found is to be then enhanced; the tenant to pay by way of rental four per cent. on the capital value of the land as valued at the time of the first or any other subsequent leases. In order to prevent too great an amount of land being held by any one individual, there are various restrictive clauses, such as that which limits the holding of land to a value of £40,000.

This novel departure in legislation in regard to land, needless to say, was strongly opposed before it became law. The State in New Zealand, however, is by no

means a harsh landlord, and is on occasion prepared to advance money to the tenant at a low rate of interest, and, should times not be prosperous, to defer payment of rent.

The clauses in this Act for the compulsory purchase of large holdings by the authorities have as yet only been enforced a few times, as the terms offered by the official valuer have been, in most instances, accepted by the holder of the land, and on the whole this somewhat drastic method of dealing with the land question has worked, it is said, well.

In New Zealand, if a law is found good, or a system workable, it is adhered to ; if not, it is soon altered or abolished. Women have been within the last ten years enfranchised in New Zealand. The franchise is a very extended one, ninety-five per cent. of the adult male and female population being registered on the voting lists, and not far short of eighty per cent. of both sexes cast their votes at elections. The result is said to have shown little change in the relative voting power of the various political parties. It has simply doubled the vote. Nor has the possession of the franchise had any marked influence on the character of New Zealand ladies, or turned them, as a sex, into violent politicians. They have displayed no particular interest in any question except that of favouring the restriction of facilities for drinking, and, in regard to that, have voted for what is known here as prohibition by means of local option.

The women of New Zealand are said to be fond of books, whether of the yellow novel or "eternal triangle" description is not stated. They have a clear idea of their domestic duties and are good wives and

mothers. Very many of them are bold and fearless horsewomen, and as fond of dancing and other social amusements as their sisters elsewhere.

When they have a plebiscite or referendum in New Zealand the proposal on which it is taken has to be carried by a three-fifths majority, and that appears to be a safeguard against an important question being made law by the snatch majority of a few votes.

Regarding New Zealand as a component part of the Empire and one of its natural storehouses of agricultural, pastoral, and mineral wealth, it occupies an exceedingly favourable position. As the Northern Island lies partly in a sub-tropical region, it enjoys abundant sunshine and adequate rain, and is not subject to drought, nor are the climatic extremes as great as are to be found in Canada or even in Great Britain. The country produces every form of vegetation—trees, grasses, grain, tobacco, lemons, olives, grapes, and other fruits and vegetables.

Cattle, sheep, horses, and pigs increase within its islands. This will be shown by the fact that cattle are found to multiply very rapidly after each enumeration. The cattle by the last returns were in excess of ten millions, and the sheep numbered over twenty-four millions, whilst there are about thirty-nine million acres in occupation. To transmit these products from New Zealand there are numerous lines of steamers to Great Britain, Australia, North and South America, and Canada. In March 1914 there were 2,863 miles of Government railway lines, and twenty-nine miles of private lines, as well as a thorough coaching system on the well-made roads throughout the islands.

The external trade of New Zealand is progressing

yearly. In 1909 it amounted in all to slightly over thirty-five millions sterling in value, and it had increased by ten millions to over forty-five millions sterling in 1913. The great bulk of these goods and products is disposed of within the Empire, going chiefly to Great Britain and Australia; the former receiving the 'greater part of the eight million pounds' worth of wool exported, and the four and a half millions sterling in value of frozen meat.

The imports into New Zealand are also chiefly from the United Kingdom; those from foreign countries have never assumed large proportions, and ranged from thirteen to seventeen per cent. of the total during the first decade of this century. From 1899 to 1904 they slightly increased, but from that date to 1909 they fell off from seventeen to fourteen per cent. of the total, neither has the export trade of New Zealand to foreign countries ever been a large one. The decrease of the foreign imports to New Zealand was no doubt due to the preferential treatment of British goods since 1904.

The tariffs both in Australia and New Zealand are fairly high ones, and the proletariat of those countries are, to a man, protectionist. It is by their vote that their representatives have given these preferences to the products of the work of their fellow-workmen and fellow-subjects in the United Kingdom, who have, in consequence, had increased employment at a remunerative wage.

This brotherly and friendly action on the part of Britons beyond the seas to their kinsmen in these islands has caused, no doubt, great searching of heart and anger to the cosmopolitan body of men who compose the Cobden Club, the more so as they are absolutely

powerless to prevent it, or to force the New Zealanders, or any other of the people of the Dominions who have given trade preferences to the Mother Country (including Canada, Australia, and South Africa), to take the dumped goods from Central Europe or other foreign countries unless they choose to do so.

Their pamphlets and their speeches, whatever effect they may have on a diminishing section of the British working-men, are absolutely powerless to influence them when once they have emigrated beyond the seas, where they can look at things for themselves as they see fit, and are no longer under the tutelage of Mr. Cobden's disciples. Prior to the war, however, as these disciples can reflect with satisfaction, Germany did some trade with New Zealand to a moderate extent in fancy goods, toys, chemicals, and musical instruments.

Mr. Max Herz, the author of a work on New Zealand, published in 1911, advocated reciprocity betwixt that Dominion and Germany. If that consummation was ever likely to be entertained, it is scarcely possible now after the reported barbarities inflicted upon certain "Anzac" prisoners-of-war by the Germans, for it will take a generation, if not more, for such atrocious acts to fade from the memories of our people either in Great Britain or the Dominions. Whatever Bernhardt may have preached and taught them, the Germans will find that "frightfulness" and defying the rules of not only war but of civilisation will neither be to their advantage during war nor after peace is again restored.

The same writer, in his work on New Zealand, having criticised the action of the Britons of the southern seas in giving a few years ago to their Mother Country two splendid Dreadnoughts to defend her flag and their

own, the crews of which have done their duty nobly during this war, proceeds to write as follows respecting this handsome gift :

“The inhabitants of these islands (New Zealand) warm themselves with the cheap praises of the newspapers, etc., but I fear this will not prove enough to drive out the chill when the awakening comes. England can scarcely be commended for accepting from her struggling daughter such an offer.”

The awakening did come in 1914 when the Kaiser showed his hand, having all his preparations for war ready, and nobody in Great Britain or New Zealand of British blood has regretted the splendid voluntary gift to the Navy alluded to. So far as the “struggling daughter” is concerned, New Zealand year by year, one is glad to see, advances in prosperity.

It is eminently satisfactory to note, and it shows the thoroughly practical turn of mind of the New Zealand authorities, that their meat, butter, and flax are placed on the market in the best possible condition, a system of inspection ensuring that their quality may be such as to win renown and command high prices. The laws order, and enforce absolutely, the utmost cleanliness and purity. The butter before being shipped is examined by Government expert officials, and a common stamp for New Zealand has been introduced. The inspector then classes the quality in different grades, and the buyer sees from the box what the quality is. Flax fibre is similarly inspected and classified.

Prosperity in New Zealand has not been confined to the large landholder with his immense flocks and herds and his thousands of acres of land under crops,

to the successful manufacturer, merchant, shipowner, or those who are known as the professional classes ; but the small holders who began life by obtaining small sections, and lived at first under canvas, have also in many instances come into the position of the comfortably off, to their own advantage and that of their wives and families. Probably many of them, at first, had an uphill struggle to get along, but help of some kind or other came to them from their neighbours, and they faced their difficulties with manly and womanly cheerfulness. Time went on, and found them the possessors of comfortable homesteads with a fair stock of cattle, with maybe an orchard or a well-stocked garden as well. Some received, during the milking season, from the nearest dairy factory, £40 or £50 monthly for their dairy produce ; their children have also the advantage of schools within a reasonable distance from their homes, and, as a matter of fact, they have not only enough in a modest way for all their wants and those of their belongings, but they can also give hospitality to a friend or to a passing traveller.

The great present importance of dairy produce in New Zealand, which only started as an industry in the middle of last century, may be judged by the fact that whilst in 1901 New Zealand sent to the United Kingdom butter to the amount of one hundred and sixty-seven thousand cwts., in 1914 we received three hundred and fifty-eight thousand cwts. of butter from the same source. Cheese showed even a more rapid, up to a ten-fold, advance in those fourteen years, or from only seventy-nine thousand cwts. to seven hundred and forty-two !

Space will only permit a brief reference to the gold-



mining industry of New Zealand, now a somewhat prosaic business undertaking, though early in the first "rushes" it offered possibilities of a great haul, and equally of danger and hardship, the men who were travelling in bands to the newly discovered goldfields to seek their fortunes being obliged to help one another across the swirling and often flooded and dangerous rivers. In what was called an "old man flood" in those days, they would strive as best they could to protect and aid one another, but sometimes a "pal" or two were drowned in these crossings.

They lived a somewhat rough life, at first, in these mining camps. Then quickly municipal institutions came into existence. In the election of the representative men and local authorities the miner is said to have been careful. He looked for strength; he looked for character. In these miniature republics they obeyed authority and punished the wrong-doer. The policy they adopted is an excellent one if it can be attained in actuality, especially the latter part of it, "Equality of all with the Government of the best."

Before leaving this part of the subject respecting the material advancement in recent years of New Zealand, it may be interesting to note that at a luncheon given by the Royal Colonial Institute at the Hôtel Cecil, on October 27th, 1916, to the Prime Minister of New Zealand, the Right Hon. William Massey, and the Finance Minister of that country, the Right Hon. Sir Joseph Ward, Bart., the author had the pleasure of hearing both these Ministers enunciate their views on many of the subjects set forth in these pages, and their views appeared to be strongly in accord with many of his own. Mr. Massey stated that—

“ We have already initiated a scheme of land settlement for returning soldiers, but naturally New Zealand soldiers must come first. The Government have already set apart 500,000 acres of Crown land, the best of the Crown land now remaining, and we have purchased no fewer than 100,000 acres of privately owned land for this purpose. Already subdivision is going on, and before my colleague, Sir Joseph Ward, and myself left New Zealand a number of returned soldiers had got possession of their sections, and agricultural operations had already commenced.”

One also learnt that the settlers are charged a small rate of interest on the value of their sections, and also that if it is found needful the Government will lend them up to £500 to purchase stock, for fencing, house, and other equipment.

Would they could “ galvanise ” us here into doing something of the same kind by reclaiming waste land !

One thing will always be remembered as long as the world lasts, that in proportion to its population New Zealand sent the largest contingent of voluntarily enlisted men, all eager for the service, to fight for the Empire in the Great War.

We will turn next to the Union of South Africa, which, under the distinguished Premiership of General Botha, has not only crushed a sporadic rising inaugurated partly by German intrigue, and done so promptly yet without undue harshness, but also defeated our German enemy.

The history of South Africa during the last twenty years gives a remarkable instance of the power of assimilation, and the aptitude for successful colonisation and friendly fusion of different races and peoples into the union of nations known as the British Empire.

It is not given to any man, or to any people, to be

wise at all times, and, whoever may have been the originators of it, there is no doubt in looking back through the vista of years to the Jameson raid of the winter of 1895-6 that a grave political wrong was then committed. Still, the absolutely uncalled-for telegram from the Kaiser, in a matter which was no concern of his, to President Kruger, congratulating him on its suppression, was an unfriendly act to Great Britain, and should have opened our eyes to the real sentiments of the German Emperor towards ourselves.

The terms of peace in 1902 between Britain and Boer were honourable alike to both sides, and under the skilful administration of Lord Milner and his successor, Lord Selborne, aided by the patriotic action of most of the leading men of both the Afriander and the Progressive parties in South Africa, the fusion of the two European elements in that vast country has become more pronounced. As time goes on let us hope that many of the rough edges still to be found here and there will be smoothed over and obliterated, to the common weal of the whole of that Union.

As in other parts of the British Imperial circle, the growing hostility between England and Germany during the last decade did not pass unobserved in South Africa. To many in that distant Dominion it had become an accepted belief within the last ten years that the deadly struggle between the two countries could not be staved off, that, in fact, it was inevitable, and that at no distant date their struggle for supremacy would have to be fought to a finish.

The majority of Dutch South Africans had not the faintest sympathy with German aims, or with Prussian ambitions, yet they could not be expected, at first,

to feel towards Germany as the average Englishman did, though they were not very passionately anti-German either. The invasion of Union territory by the German South-West African forces in 1914 aroused them from any apathetic feeling as to the issues of this world-wide war. Boer, as well as Briton, rallied to the flag, and the capture of South-West Africa, despite the well-armed forces they were opposed to and the terrible physical difficulties they had to encounter, was accomplished by General Botha and his brave troops with great military skill, decision, and promptitude.

The framing of the Union Constitution of the South African Colonies in 1907 is not only a clear instance of how men of statesmanlike ability and determination who set to work to do a thing can do it, but also a remarkable example of how those who hold different opinions on many subjects can unite for a common object which they have all set their minds to accomplish. Mr. Lionel Curtis, Assistant Colonial Secretary for Urban Affairs, had the able assistance in 1906 of Mr. W. L. Hitchens (Treasurer), Mr. Patrick Duncan (Colonial Secretary), Mr. Brand, and Mr. Leetham. This group of Crown Colony officials had the immensely valuable aid both of General Botha and General Smuts, also of Mr. Malan and Sir Abe Bailey. The driving power of this Union of clear-headed men brought the Union into being. Difficulties, to them, were only opportunities.

On October 8th, 1907, the National Convention met at Durban, and later on at Cape Town. It comprised, amongst others, Mr. J. Merriman, Sir Henry (now Lord) de Villiers, Sir Starr Jameson, Mr. Moor, General Botha, General Smuts, ex-President Steyn,

Sir George Farrar, Sir Percy Fitzpatrick, Mr. Fischer, and also Sir William Milton and Sir Lewis Mitchell, acting in the interests of the Chartered Company. That which had been foreseen to be one of the difficulties to be surmounted, namely, the allocation of the expenditure and receipts of the various railways in British South Africa, was the first to be overcome.

The National Convention issued its report in February 1909, and during that year the draft Act of Union as amended was approved by the Parliaments of the various South African Colonies. In the case of Natal, it was accepted after a referendum by a large majority. It was passed by the Imperial Parliament during the same year, and by a proclamation of December 2nd it was declared that on May 31st, 1910, the eighth anniversary of the peace of Vereeniging—the Union Constitution should come into operation.

Taking a normal year's trading prior to the exceptional circumstances caused by the Great War, it is satisfactory to note how large a percentage of the South African import trade was from the United Kingdom and other parts of the Empire, as will be seen by the following table :

Imports from	Value	Per cent. of Total
United Kingdom . . . . .	22,141,489	54·87
Australia . . . . .	2,022,989	5·01
India . . . . .	1,138,210	2·82
Canada . . . . .	880,222	2·18
Other British Possessions . . . . .	662,589	1·64
Total British Possessions . . . . .	<u>4,704,010</u>	<u>11·66</u>
Total—British Empire . . . . .	<u>26,845,499</u>	<u>66·53</u>

The balance of the South African import trade, or 33·47, about one-third of the whole, was from foreign

countries, the United States heading the list with 9·38 of the whole, and Germany coming second with 8·73.

In regard to their export trade in the same year, consisting chiefly of gold and diamonds (the former to the value of over thirty-seven and a half million pounds sterling), no less than 88·7 per cent. of the whole was to the United Kingdom.

It should, however, be borne in mind by the apostles of Free Trade in this country that the assistance given to the trade of the United Kingdom by the preferential treatment accorded to her goods in the South African Customs tariff has been very material, and has assisted her in the keen competition for business with her commercial rivals, including the United States and Germany. It is, indeed, largely the cause of the fact that more than half their imports were from the United Kingdom.

The system of tariffs now in force was first inaugurated at the Customs Conference held at Bloemfontein in 1903, under the presidency of Lord Milner.

The main features then set forth for its leading principles were :

1. The free admission of the necessities of life, including food-stuffs, except in cases where free admission was found to be inconsistent with the encouragement of South African industries.

2. The moderate taxation, or free admission, of building materials, agricultural implements, machinery, mining plant, and generally of all articles necessary for the development of the country.

3. The maintenance of the revenue efficiency of the tariff by the imposition of heavy duties on luxuries,

intoxicants, and narcotics, and on articles ministering exclusively to the convenience or pleasure of the wealthier classes.

The grant of preferential treatment to articles produced within the United Kingdom was then inaugurated, as well as similar rebates to the goods of other countries within the Empire. This system, one is glad to see, is still in force, and by the Act of the Union of South Africa of 1910, as amended by that of 1916, in many articles of commerce, such as cement, candles, and cheese, we receive a rebate of one-fifth on their general tariff. On all goods in which the scheduled duty is three per cent. a rebate of the whole duty is made in favour of the United Kingdom and reciprocating British Possessions, and those products are admitted free; other reductions of duty of a substantial character are granted to the produce and manufacture of the United Kingdom and the British Dominions by this tariff.

In South Africa one-third of the world's annual output of gold is won, and ninety-five per cent. of this comes from the Witwatersrand district in the Transvaal. Curiously enough the fact stands that the conglomerate beds of the Witwatersrand are essentially low grade. The Rand gold industry, owing to the magnitude of its operations, has been able to secure the services of the most skilled mining engineers and metallurgists that the world has produced. They have obtained by their professional ability and skill a profitable recovery from ores of lower grade than those which were originally neglected, and by economy in production have maintained the profit even if the ores milled showed a decrease in grade.

Next to gold, diamonds are a great source of wealth which bountiful Nature has given to this Dominion. The discovery of the De Beers and Kimberley Diamond Mines, the difficulties that had to be overcome before their successful working was accomplished, and how much they owed to the indomitable pertinacity of Cecil Rhodes and others, would form the subject of an epic.

The amount of the "blue ground" from the underground working which is brought to the surface annually when the mines are in full working is of such an enormous extent that it would form a cube which would more than hold St. Paul's Cathedral! The disintegration of this earth, its washing and separation, are matters of detail into which it is not proposed to enter here. It must suffice if one mentions the interesting fact that after every known mechanical means of separation of the diamonds had been tried and failed, it was discovered by one of the employees, Mr. Kirston, that diamonds have a peculiar affinity to oily matter, and an ingenious adaptation of this fact has led to the invention of a machine "whose power of distinction in the sorting of diamonds is far superior to the keenest and most highly trained eye." In the year 1913 these precious stones to the value of over twelve million pounds sterling were exported from South Africa.

Besides diamonds, this Union abounds in other minerals, such as iron, coal, copper, silver, and tin. The coal-fields near Newcastle in Natal are both extensive and produce coal of a very high quality, and £1,392,464 of that product was exported in 1913. Natal, the Garden Colony, as it is called, produces



sugar, tea, coffee, cotton, fruit. and tobacco. The vineyards of South Africa have recovered from their attack of phylloxera, though, as yet, no appreciable amount of wine is exported.

In 1913 ostrich feathers formed one of the largest and most important branches of commerce in South Africa, and of this commodity nearly three million pounds in value were exported abroad. Cattle raising formed a great and important industry, and even the hides of the animals produced a sum in the export returns exceeding two millions sterling. The Angora goat, famous for its beautiful flossy wool, is found in many localities. Maize is the chief cereal cultivated, and is used by the natives in their "mealies."

On the roll of the Makers of Empire is inscribed the name of Cecil Rhodes, who in 1888-9 founded the British South African Company under a Royal Charter, with the object of opening out to civilisation the enormous tract of country from Bechuanaland to Central Africa. Shortly after that date this company peacefully occupied Mashonaland; later on it added Matabeleland to its jurisdiction, and the group of colonies known as Rhodesia was formed.

Rhodes's busy and strenuous life ended in March 1902. Determined to encourage breadth of view in the minds of future generations of young South Africans, he instituted eight scholarships to be held by colonials who would be educated at his old University of Oxford for the purpose, according to his will, of "instilling into their minds the advantage to the Colonies as well as to the United Kingdom of the retention of the Unity of the Empire." Later on, in a codicil to his will, executed in South Africa, he

provided for the founding of five German scholarships in the following words :

“ I note,” he said, “ the German Emperor has made English compulsory in German schools. I leave five yearly scholarships at Oxford of £250 per annum to students of German birth, the scholars to be nominated by the German Emperor for the time being. . . . The object is that an understanding between the three Great Powers will render war impossible, and educational relations make the strongest tie.”

The generous testator's object and hopes have not, we are now only too vividly aware, been realised, and the position of the University of Oxford in regard to this bequest in the light of present developments and the “ Strafe England ” teaching in Germany was, to say the least of it, found to be so unchristian that it has been abolished. Perhaps we may also be allowed to wonder why the German Emperor ordered English to be taught in his schools. Was it to enable as many of his subjects as possible to spy out the land with greater facility, or in order that he might have at his disposal a large number of English-speaking civil servants to be administrators in our Empire after he had, as he hoped, conquered it ? Or did he aim at turning his young men into commercial bagmen (“ drummers,” as our American friends call them), for the purpose of so-called “ peaceful penetration,” and to cut us out in commerce ?

Rhodes's “ great and brooding spirit ” left behind it other mementoes of his active mind, one of which, namely, the Cape to Cairo Railway, may be realised, let us hope, in the fullness of time. Already the

traveller can ride luxuriously from Cape Town, without a break, over 1,641 miles of railway to the Victoria Falls on the Zambesi, and over one hundred miles north of the border of Rhodesia in the Congo Free State; and though Rhodes himself was no more when the Union of South Africa was accomplished, it was one of the great projects ever present to his mind whilst he trod this earth.

The estimated population of the Union of South Africa for the year 1914, according to the Statistical Abstract, was 6,465,000, not including Rhodesia, Basutoland, or Swaziland.

One fact stands out in our dealings with the native races in that Union and the adjoining Protectorates (in the former the natives outnumber those of European extraction by nearly four to one, and in the latter they form almost the sole inhabitants)—that, despite the fact that we have had wars with many of these races, including the Zulus, Matabeles, and numerous other fighting tribes, our firm yet just rule is appreciated by them; when these wars were concluded and peace was declared, they found that our word was our bond, and that we would do our best to safeguard their rights and protect their interests. Consequently they look on us in the light of protectors, and as children regard their father.

One instance of this attitude occurred in the middle of last century. The Basutos had ceded their rich corn lands, known to-day as “the conquered territory,” to the Orange Free State, and were threatened with dispersion, if not extinction. Their chief, Morhech, sought the protection of the Imperial Government, which he obtained, and Basutoland is to-day

under the direct authority of the High Commissioner for South Africa. Morhech's appeal was expressed in language of great poetic beauty as follows : " Let me and my people rest and live under the large folds of the flag of England before I am no more."

Our rule in India is set in the midst of an old highly cultivated civilisation of ancient Aryan origin, dating back long before the Saxon period in these islands, which has produced men of great intelligence, and, in some instances, of judicial and administrative ability. India cannot be left out of consideration in the Imperial circle of the States comprising the Empire, for it is not only a part, but a very important part, of the whole, as is seen when we take into consideration her size, her geographical position, volume of races, development, immense industrial population, military value, and her proved loyalty to the Crown.

At the very commencement of the war, India provided two fully equipped divisions for the scene of conflict in France. Indian troops have, indeed, served in every theatre of this vast war in France, Africa, Gallipoli, Aden, Mesopotamia, China, side by side with their fellow-subjects from other parts of the Empire, and have gallantly borne their full share of the dread ordeal.

Lord Hardinge, then Viceroy of India, sent the following dispatch to London when the sword was drawn in 1914 : " The Rulers of the Native States have with one accord rallied to the defence of the Empire, have offered their personal services and the resources of their States for the war."

There are many questions of great import concerning India's interest as part of the Empire which will

have to be considered both now and at the close of this war. These include trade, defence, the development of Imperial resources, and our attitude towards enemies. In 1915, in the Imperial Legislative Council at Simla, a distinguished Mohammedan moved a resolution "urging that India should in future be officially represented at the Imperial Conference." This resolution was carried without a division of the Council, and submitted by the Viceroy to H.M. Government, which authorised him to say that this expression of opinion in the sense of the resolution would receive most careful consideration. Of course, the inclusion of additional members to the Conference must depend upon the decision and approval of the members of the Conference.

It would seem that in any scheme for ensuring that the Empire shall be self-contained, India and its products must take a very important part, and therefore Indian interests and opinions should be consulted. It would be an advantage to have an open and free discussion of the points to be considered in reference to all the various parts, instead of a single part of the Empire. The exchange of opinions would enable those taking a share in it to arrive at a common ground of agreement, and prevent misunderstanding. Take the case of Indian emigration as one subject, for instance ; it might be possible that at such a conference some solution of that question might be arrived at which would satisfy the views of the Dominions and be acceptable also to India.

The Imperial Council is a deliberative and not an executive body. If India is represented at the Council, each self-governing Dominion will remain, as

now, free to accept or decline any proposals agreed upon at the Conference. If we are to become the British United States we must be so in reality, and not merely on paper; nor does it seem practical to evolve any truly Imperial united fiscal system both within the Empire and in connection with foreign countries without including India.

The raw material that India can produce in abundance will be the indispensable foundation for the establishment of many industries within Greater Britain, and it is to be hoped that we shall never again have to depend on having the raw material produced within our Empire manufactured in a foreign country. If Sir John Simon, and the other Cobden Club enthusiasts for foreign-made goods, object to that, they can emigrate to "their spiritual homes," wherever they may be, or use the products of the labour of the native inhabitants of Great Britain, India, and the Dominions.

Taking the year preceding the war, Great Britain absorbed forty-one per cent. of India's exports and imports; the rest of the Empire had eleven per cent., and foreign countries took the balance, or forty-eight per cent., nearly half. Neither Australia nor South Africa had any appreciably large business transactions with India. The total trade of India for that year was three hundred and eighteen million pounds sterling, exceeding that of Canada, which was two hundred and twenty-six millions, and Australia, one hundred and fifty-eight millions.

It is to be hoped that when this war ends there will be a larger inter-Imperial trade between India and the other parts of the Empire. There is in that great

country a magnificent opening for fresh markets for both the Mother Country and the Dominions, but now it is a dumping-ground for the products of other races than our own, who are very sparing in purchasing any Indian product except certain raw materials for manufacture, such as metal, flax, and hides. It would seem to be to the interest of this country to encourage the growth of cotton in India. If that were done the quality would, no doubt, improve, and provide against our Lancashire manufacturers being so dependent on one source of supply, and the consequent risk of having prices forced up to their disadvantage.

Before India came under the ban of the "free-import trade" fallacy she had a number of flourishing industries of her own. They are now mostly things of the past. There is plenty of capital in the country, but the operation of these works was checked and swamped by unrestricted foreign competition.

Regarding raw material for manufacture from India, before the war British tanners stated that "they were unable to produce box sides in competition with German manufacturers, who had a strongly protected home market," in which they could make large profits, "and free entry into the English market." After the war broke out this trade was diverted mainly to the United States. In India we have a great supply of raw hides, of which *laissez faire* ordains that we take little or no advantage ourselves. In 1915, out of a total export of 16,361,624 raw hides and skins, less than a twentieth, or seven hundred thousand came to the Mother Country, America taking the lion's share. The fact remains that whilst we have an abundance of hides within the Empire, and tanning material galore, nearly

all the leather soles of the boots worn by the British civilian of all ages and sexes, and by the British soldier, come from a foreign country. The tanning industry, at one time a very profitable one, has been greatly hampered and almost destroyed by foreign bounties and by foreign dumping under our free-import trade system, and, in consequence, the wages of the workers in manufacturing leather from hides goes to foreign employees.

The cultivation of tea has been steadily increasing in both India and Ceylon, and also its consumption in the United Kingdom. In 1863 only nine million lbs. were imported here ; that had increased in 1901 to one hundred and sixty million lbs. from India, and one hundred and five millions from Ceylon, and in 1914 to two hundred and three million, and one hundred and ten million lbs. respectively.

Tea is now grown not only in the Assam district, at Hazairbagh, in Bengal, but on the pleasant slopes of the Neilgherries, in Madras, and also in the Kangra valley, beneath the shadow of the mighty Himalayas. When going over a tea plantation in that district, it was most interesting to see the squat little tea bushes ranged in rows, the particularly clean buildings where the drying, pressing, and packing of the leaves were carried on, and to remember that all this trouble would have for its result the cheering, but not inebriating, of a large portion of Her Majesty's subjects in the United Kingdom.

The railway system of India has been vastly extended in the last few years ; in 1889 there were 15,245 miles of railway open to traffic ; in 1913 there were 33,599 miles open. It is not necessary to dwell on the effect



this must have on the population, their methods, and habits, or on the extent to which it encourages a process of fusion amongst all classes. The people avail themselves of these increased traffic facilities to an enormous extent. In 1913 four hundred and thirty-seven million people took advantage of the opportunity of travelling on the railways. There is, especially, an immense passenger traffic carried on the lines during the time when some native fair or festival is being held. At Benares during the "Ramlela" vast crowds arrive, literally "packed" in train after train. The amount received by railway companies in India from European passenger traffic, even including the movement of troops and the annual migration to Simla, is, comparatively speaking, small. The first-class carriages for Europeans are particularly roomy and comfortable, each carriage being supplied with a washing compartment—a great boon in such a hot climate. The carriages used by the natives seem to meet their requirements, and there are, on most lines, separate compartments for native ladies.

With regard to irrigation, no less than seventeen million acres have been irrigated within recent years, mainly in the northern territories. Much of this, principally in the Punjab, was formerly practically uncultivated land. The outlay upon it has been forty-one and a half million pounds, and no capital has ever been invested to better and higher advantage. As a result you have this gigantic area of land producing profitable crops, and enabling large and prosperous colonies of cultivators to benefit by it.

In the district near Cawnpore, where both wheat and barley are cultivated, the mode of irrigating the

land is to carry the water over the country by a series of main channels provided by Government from which the cultivator makes his own offset into a small pond, and distributes it over the crops by means of smaller conduits. This system of irrigation from the main channel he arranges and maintains at his own cost. The water is turned on the growing wheat, patch after patch, in a most skilful and careful manner.

In the year before the war, we imported from India nearly nineteen million cwts. of wheat out of a total, from all sources, of one hundred and five million cwts. This large amount of grain comes not only from the territory directly under the administration of the King-Emperor, but from the vast domains of some of the Native States under British protection. These States are ruled by their own princes, and have each, by arrangement, a force known as Imperial troops. These soldiers, as at present, are available if required, and have to a large extent volunteered for active service in our armies.

Other of the native princes whose territories have been absorbed in our own have no possessions beyond the immediate vicinity of their palaces ; they are in many instances allowed large pensions by the British Government, and live surrounded by countless followers in a sort of semi-state, possessing armed retainers in numbers sufficient to form a guard of honour, whilst in other respects their position is similar to that of a wealthy English nobleman.

The internal history of India for the last few years, since King George V held his durbar at Delhi and was there crowned Emperor of India, has been one of peaceful progress. A large number of the natives have

become members of the various legislative councils, others have had the honour of being appointed High Court judges (of whom sixteen out of forty-four are Indians), others again have become members of the Indian Civil Service, and one has a seat on the Viceroy's Executive Council.

The interests of India and our own are inextricably interwoven, and it is our duty to realise how important that country is, and the great part she is destined to play as a component part of the Empire and the brightest jewel in the British Crown.

It is not proposed in these pages to go into detail respecting the great and important resources of the remaining colonies and dependencies of the Empire ; one and all have shown their loyalty and devotion to the Homeland at this great crisis by every means in their power—by the personal service of their sons in the Empire's armies and fleets, by contributions either in money or in kind, and in other ways that have contributed to our assistance. They have done all this voluntarily, in a way never to be forgotten.

In considering their natural wealth, one is lost in amazement that we have let others in the past partly annex it, and have not acted more judiciously as guardians and trustees for future sons of the Empire. Take the old Colony of Newfoundland, for instance, with its great resources ; take also Ceylon, Mauritius, the Straits Settlements, British Honduras, Guiana, the important British Colonies in East and West Africa ; they are all natural mines of mineral, agricultural, and pastoral wealth.

Can one afford to minimise the importance to the Empire of the strategic military and naval, and, in

some instances, great trading centres, ports, and coaling stations of Cape Town, Hong-Kong, Gibraltar, Malta, Bermuda, Singapore, Aden, Colombo, Point de Galle, and numerous other places all over the world ? Then let us consider the precious metals, of which the great bulk of the world's supply are within our King-Emperor's realms. Again, iron and coal, the hand-maidens of commerce, are almost equally dispersed throughout its bounds. During the present struggle we have heard a great deal about zinc and its importance for munitions of war. The list of places where it can be found within the British Empire is a long one, and includes The Broken Hill Mines near New South Wales ; it is also worked for in Queensland, New Zealand, Newfoundland, and Canada (particularly in British Columbia), while a number of workable zinc deposits are also found in British Burma, Egypt, Nigeria, Rhodesia, and that great mineral region the Transvaal. This product is known commercially as spelter. The list of the Empire's resources in regard to copper (that useful mineral for the arts of peace as well as the ammunition of war) would be almost equally long.

The remarks that follow are confined, however, to the important and burning foreign-sugar bounty question. Cane sugar was at one time the staple industry of the then flourishing West Indian Islands ; it was also grown in the Mauritius and in other tropical and semi-tropical regions of the Empire, to the great advantage and prosperity of their inhabitants. Unfortunately, by our false economic system of free imports, we encouraged the foreign-bounty system, and the industries of either growing sugar in the

Colonies or refining it in the United Kingdom (in the East of London, Glasgow, etc.) were, when this war broke out, nearly a thing of the past. It is quite possible to revive those industries of growing and refining sugar, and we should, to use Mr. Hughes's phrase, not think about it, but "do it."

To anyone who has travelled much abroad, especially in the Western Hemisphere, our action in regard to the sugar-producing colonies of the West Indies is very marvellous. About four years ago the author travelled from Washington down through the southern States of America, and took ship from Key West to the Island of Cuba, now nominally independent, but in reality under the ægis of the United States. That island is in a very flourishing condition. The sugar plantations were visited, tobacco was seen growing, and prosperity evidently abounded in every direction.

The reason why the Cuban agriculturist is prospering is not difficult to discover. Cuba being more or less a Protectorate of the United States, they give them a certain preference in regard to their exportation of sugar and, one understands, other commodities to the United States. This rebate of duty enables them to practically supply the major part of the imported sugar required by their great neighbour.

After leaving Cuba a visit was paid to Jamaica, our principal island in the West Indies. It made one rather sad to see the totally different appearance of Kingston as compared with Havana and other prosperous towns in Cuba. This is partly owing to the fact that the prosperity of Jamaica had greatly waned as a result of our giving protection in the United Kingdom to foreign beet sugar, by permitting it to be

imported to our shores under a bounty system, whilst we sternly refused any aid to our own fellow-subjects in the West Indies. It is a fact that although at one time we were nearly entirely supplied with sugar by those Colonies to the great advantage of hundreds of English people and thousands of those employed by them on their estates, now the amount of sugar sent by the West Indian Colonies to the United Kingdom is infinitesimal, whilst prior to the war, in 1913, we received unrefined sugar from Germany to the amount of 9·4 million cwts., from Austria 3·2 million, and from Cuba 4·5 million. From all British Possessions, including the Mauritius and the West Indies, our receipts were only 1·4 million cwt. of that commodity. In 1913 we received *no refined sugar at all from any British Possession*, although within its area we have hundreds of millions of acres of land suitable for the growth of both cane and beet sugar, ample labour in a population exceeding four-hundred million people, and machinery and coal for its refining. On the other hand we received, to add to their wealth, and entirely in consequence of the pernicious bounty system, 9·3 million cwts. from Germany, 4 million cwts. from Austria, and 3·6 million from the Netherlands (some part of which was a transit trade from Germany), or 16·9 million cwts. of refined sugar from these three foreign countries out of a total of 18·5 million cwts. In 1914 we received from the United States 2·1 million cwts. and from Java 2·3 million cwts. of sugar.<sup>1</sup> At one time, prior to

<sup>1</sup> These figures are given from the Memorandum and Tables of the Royal Commission on the National Resources, etc., of His Majesty's Dominions, presented to both Houses of Parliament, November 1915 (Cd. 8123).

Cobden's day, all this sugar was grown in the British Possessions, and none received from abroad. It was refined by British home or colonial labour, thus large sums were paid in wages in the King's Dominions.

The question of these sugar bounties was, and unfortunately still is, an urgent one, not only for the West Indies, but also for the sugar refiners both in London and Glasgow. At one time there were a large number of refiners on the Thames doing an excellent business in refining sugar which came from the West Indies. The same applies to the Clyde. All this is practically now a thing of the past, as, owing to the sugar-bounty system, their industries have been killed.

No doubt the cost of this system to the foreign taxpayer is considerable. The gain to this country is, or rather was, that prior to the war some people probably imagined they bought their sugar a fraction of a farthing a pound cheaper, and perhaps a few of our manufacturers of soda water or jam believed that they gained larger profits in consequence ; but if the bounty system were abolished, and fair play given to British-grown sugar within the Empire, competition would keep prices down, and their profits would not be diminished.

During the time when the writer was in Parliament this question was brought up, time after time, by a few members of the House, including himself. Speeches sympathising with the destruction of the industry of sugar refining in the United Kingdom, and regretting that the agriculture of the West Indies had become very depressed, were delivered by Ministers, but nothing was really done, and these expressions of sympathy did not mend matters at all. Conventions

regarding sugar bounties were called together, conferences were held, but the interested parties in favour of this sugar-bounty system in the United Kingdom were too strong, and were too wealthy and politically important to one of the two parties in the State to allow anything to be done. They were on the spot, and could influence votes, whilst the planters in the West or East Indies, Mauritius, Ceylon, and other sugar-growing colonies were far away, and the home sugar-refining industry therefore was not adequately safeguarded.

The mode by which this system of foreign bounties is arrived at is that in Germany, and other European foreign countries, all raw sugars are taxed according to a graduated scale, supposed to be in proportion to the amount of saccharine matter they contain, and the refiners merely contrive to have the raw foreign-grown beet sugar, which is entered in bond for refining, *classed lower* than its true saccharine nature. When this sugar is refined, if any of it is exported the refiners are entitled to get back the duty, and they accordingly demand a drawback equivalent to the full saccharine standard which the refined sugar shows, thus mulcting the State of the difference between the debit and the credit.

By this means two very different objects appear to be accomplished: the refiner, under the pretext of the high duties, keeps up the prices of sugar at home and realises large profits; but abroad, by help of the excise drawback, he appears as a cheap seller, and in point of fact has within the last ten years almost driven English sugar refiners out of the market. In short, the higher the duty, the bigger, as a rule, are his profits



both ways ; for so long as his sugar is taken into bond by colour rather than by its true saccharine value, he obtains a larger profit on his drawback with every augmentation of duty, and rises into *more supreme command* of our free-import markets.

Our sugar refiners have made strong representations regarding this bounty system, and a few years ago a Convention was held at Brussels to really amend it, as many of the foreign countries, including France, had decided to do their best to put it down. This Convention was suggested by our country in 1902—a Unionist Government being then in power—and was signed by us in the number of European sugar-producing countries in September 1903.

The solemn obligation thus entered into to abolish the sugar bounties was repudiated by the next Administration when they got into office. They therefore left the other contracting parties bound by a National Convention to produce and export their sugar without bounties or excessive surtax, while in Great Britain, their principal market, they were called upon to compete once more with bounty-fed sugar, notwithstanding our solemn obligation undertaken to the contrary.

France appears to have been the sufferer by this distinct break of faith, for whereas in 1901 she exported to the United Kingdom five million cwts. of refined sugar, it had dropped to 0·1 million in 1913, whilst on the other hand one finds Germany increased its export of refined sugar to this country from 7·9 millions in 1909 to 9·3 millions in 1913.

Our Government claim the right to import freely bounty-fed sugar, whilst still remaining in the Con-

vention for the abolition of bounties ! A shortage of one million seven hundred thousand tons in the world's crop of beet sugar in 1911 was the pretext seized upon by the Government to give notice of the nullity of the Convention. This action has laid us open to the charge of breach of faith, and has caused our economic policy and methods to be regarded with grave suspicion in this respect. The position the then Government took up was no doubt forced upon them by their desire to placate certain people whose object was to obtain sugar at the lowest possible price, regardless of whether that price was a *natural* or *artificial* one. They had evidently found it impossible to square this attitude with loyal adhesion to a Convention which was entered into primarily for the purpose of abolishing bounties, so they thus pleased, probably, some of their cocoa or chocolate manufacturing friends. Whilst we had a Government pledged to "Free Trade," one could not be surprised at this, or that they took no steps to abolish the most obnoxious form of Protection, for these two words appear to cover everything and to be a shibboleth for bounties, dumping, or any other system calculated to destroy our industries ; but under the present Government may one hope that this question will be looked into, and that our breach of faith both to foreign countries and to our own employers and employed in the United Kingdom will be ended ?

It should, however, be stated that in another direction the late Government seems to have endeavoured to look at the question not so sternly through free-import trade spectacles, for in a letter dated May 24th, 1913, addressed to the British Delegate on the Inter-

national Sugar Convention, Sir Edward Grey, now Viscount Grey, declared as follows :

“An exemption (total or partial) of sugar manufactured in the United Kingdom from the duty leviable on imported sugar is, of course, not to be regarded as a bounty, provided that the preference so accorded is less than the surtax permitted by the Convention.”

The Government is to be congratulated to that extent upon their courage and common sense in throwing to the winds, not for the first time, the effete doctrine of Cobdenism, and encouraging a new British agricultural industry ; also, to some extent, the sugar manufacturers of this country, who will enjoy an advantage of 1s. 10d. per hundredweight over their foreign competitors on all beet sugar grown here, that being the customs duty payable on imported sugar.

It is a very remarkable thing that orthodox free-import traders have no objection whatever to Government grants and bounties, which constitute the crudest and most flagrant forms of Protection, but would rather commit hari-kari than adopt the much milder form of it by saying to the foreign producer : If you wish to give a bounty on the products you send into this country we cannot prevent you, but when we find out the exact amount of that bounty we will charge you the exact amount you so give in our import tariff ; we will not allow that sum to be put solely into the pockets of a few wealthy cocoa merchants and manufacturers, but we will take the bounty you see fit to provide and hand it to our Chancellor of the Exchequer in aid of the taxation of everybody, rich or poor, who resides within the bounds of the United Kingdom.

Let the United Kingdom awake to the fact that reciprocal trading would secure to the whole Empire a steady inflow and efflux of commerce, and encourage in every part industrial development in the field and in the factory, whilst emphasising the fact that Imperial unity should be attained by the Mother Country and the Dominions co-ordinating their general interests as far as possible, without infringing the powers of self-government in all non-Imperial essentials.

## CHAPTER V

### ALLIES IN PEACE AS WELL AS WAR

“Sure in the justice of her cause, standing by her King, backed up by her Army in co-operation with the Armies of her Allies, and confident in the resolution of the Protecting Powers not to sheathe the sword until her complete independence is restored, Belgium awaits with an unconquerable spirit the hour of liberation and reparation.”—BARON BEYENS, *Belgian Minister for Foreign Affairs*.

AFTER the war the world will be more or less divided betwixt the British Empire, the territory of the Allies, the territory of the neutral nations, and that of our present enemies.

It is interesting and important to note the fact that the territory belonging to ourselves and the Allies controls fifty per cent. of the world's trade, that, also, to the flags of the Allies about half the population of the world owe allegiance, if that proportion is not soon increased. The United States and Latin America control eighteen per cent., neutral nations in Europe and China fourteen per cent., whilst the aggressors, Germany, Austria-Hungary, Turkey, and Bulgaria account for eighteen per cent. of the world's trade, and of its wealth and population.

A thoroughly effective rapprochement between the Allies would act as a great safeguard for peace, as it would spell commercial ruin to any nation or group of

nations who dared to break the peace and again for any reason, ambitious or otherwise, deluged the world with blood.

If our statesmen can only cast aside for the nonce any preconceived economic theories they have held in the past, and act with promptitude and decision, they have this great fulcrum ready to their hands, which in the interests of civilisation and humanity they should eagerly and promptly grasp. In considering this point we must recollect that three of our great Allies in Europe are protectionist countries, whilst neither Japan, Belgium, Portugal, Serbia, nor Montenegro allows most goods duty-free within their borders. We have been for the last sixty or seventy years a free-import trade country. The lead, therefore, in carrying out many of the resolutions arrived at in Paris at the Economic Conference should therefore naturally be given by us.

We are all agreed that we wish to shake off the incubus of German commercial penetration from which some of us have suffered more than others. It is, therefore, the more needful for the Allies to be on their guard against the insidious methods of Germany and the encroachments of her trade. The lever to command the destinies of the world was Germany's thoroughly organised and equipped commercial attack on other nations. This lever was recklessly thrown aside when she drew the sword, and will no doubt, when opportunity permits, be made full use of again.

Before the war Britain, Russia, Italy, and Belgium were politically free, yet all of them were more or less economically under the sway of Germany, and even France was so influenced in a lesser degree. Germany

had woven the net of control of finance and industry over all the countries named, and had wrapped its meshes tightly round them in certain directions and in other ways. Had she waited a few years more before commencing hostilities, her economic dominance in Europe would have been almost complete. Close commercial relations exercise great influence in the international relations of the Powers. In all ages of man self-defence has been acknowledged to be admissible, and if it is necessary to treat the German trader for what in reality he is, namely, a political agent, we must not hesitate to do so.

In considering questions relating to the resources of our future trade with the Allies, with whom our troops are now standing shoulder to shoulder on the assured road, let us hope, to victory, our thoughts first turn to France, our nearest neighbour, on whose soil the invader's hordes are still established. Our material trade relations are even now of great importance to us both. In 1914 the exports from France to the United Kingdom were valued at nearly thirty-eight millions, and the imports to that country of British produce and manufacture were valued at thirty-five millions. Whether considered from a geographical point of view, or with reference to the products of each country—having regard also to natural causes such as the variety of climate, the productiveness of the soil, or to mineral resources—it may be said that there can be no two countries better fitted for the freest possible interchange of commodities with one another than are England and France. And there can be no doubt that the freer you can make the trade between two such countries, the more prosperous they will both become.

From natural causes, and from the acquired bent of the industry of the inhabitants of either country, they need fear, were their interchange in commerce doubled, no rivalry, except the rivalry of supplying each other's wants. We can provide them with one of the solid utilities of commerce, the motive power of progress, coal, besides the products of our smelting furnaces and engine shops, and the useful manufactures of our power looms ; whilst they can give us in return the produce of their vineyards, as well as those countless objects of art and luxury in the creation of which they excel owing to their taste and skill. It is, therefore, to be hoped that the day may arrive when there will be even a larger interchange of commodities between us than at present.

The French National Debt, like ours, is a large one, and when this war terminates it will then, as with us, be a heavy burden on the taxpayers unless, by the fortunes of war, it is borne by others. In any case, they will feel it less than if it were held by a few people, for the debt of France is held by nearly all her sons, rich and poor alike. Regarding the French National Debt it is worthy of notice that it is a creation almost entirely of the last hundred years. It is curious to note that, during the years 1800 to 1814, a period of fourteen years, during which the French nation was almost constantly at war, and during which we were subsidising half Europe to fight the great Napoleon, that extraordinary man can fairly be said to have actually carried into effect what is reported to have been a great maxim of his—he “made war support itself.” He increased the French National Debt by less than six million pounds, which sum we



probably spend in one day at present to maintain our independence as a nation and freedom as a people.

The French are very thrifty, and there are few French people who have not put by a sum of money either for the purpose of giving their daughter a wedding portion or of purchasing some "rentes" or other securities. The steadiness of the French workmen cannot fail to be a gain to her industries. By the loss of Alsace-Lorraine to Prussia in 1871 the area of her territory was diminished by 5,602 square miles, much of which was an important mining and manufacturing part of France—part of that territory is now reoccupied by French troops.

The view of a distinguished French *député*, M. Franklin Bouillon, is that the Franco-British *entente cordiale* should be transformed into *action cordiale* during times of peace, and all who wish well to both countries will hope that ideal will be realised. There would appear to be no nation in the world that has more to gain by an increased and closer intercourse, both on the grounds of commerce and friendship, with Great Britain than France.

The recommendations of the Paris Conference which was held by the Allies are of such importance that it seems desirable here, in a work concerning the economic conditions of our commercial interchange, to refer to them at some length. They cover three periods to which they refer—the war period, the reconstruction period in those countries or portions of countries which have been in enemy occupation, and the period after peace is declared. Important as they are, I will not here refer to the two former periods,

but will give the recommendations adopted by the Paris Conference for the permanent measures to be adopted by the Allies after peace is declared :

“The Allies decide to take the necessary steps without delay to render themselves independent of the enemy countries in so far as regards the raw materials and manufactured articles essential to the normal development of their economic activities.

“These measures should be directed to assuring the independence of the Allies, not only so far as concerns their sources of supply, but also as regards their financial, commercial, and maritime organisation.

“The Allies will adopt such measures as may seem to them most suitable for the carrying out of this resolution, according to the nature of the commodities, and will have regard to the principles which govern their economic policy.

“They may, for example, have recourse either to enterprises subsidised, directed, or controlled by the Governments themselves, or to the grant of financial assistance for the encouragement of scientific and technical research ; to Customs duties or prohibitions of a temporary or permanent character ; or to a combination of these different methods.

“Whatever may be the methods adopted, the object aimed at by the Allies is to increase production within their territories as a whole to a sufficient extent to enable them to maintain and develop their economic position and independence in relation to enemy countries.

“In order to permit the interchange of their products the Allies undertake to adopt measures for facilitating their mutual trade relations both by the establishment of direct and rapid land and sea transport services at low rates and by the extension and

improvement of postal, telegraphic, and other communications.

“The Allies undertake to convene a meeting of technical delegates to draw up measures for the assimilation, so far as may be possible, of their laws governing patents, indications of origin, and trade marks.

“In regard to patents, trade marks, and literary and artistic copyright which have come into existence during the war in enemy countries, the Allies will adopt, so far as possible, an identical procedure, to be applied as soon as hostilities cease.”

This procedure will be elaborated by the technical delegates of the Allies.

“Whereas for the purposes of their common defence against the enemy the Allied Powers have agreed to adopt a common economic policy, on the lines laid down in the resolutions which have been passed, and whereas it is recognised that the effectiveness of this policy depends absolutely upon these resolutions being put into operation forthwith, the representatives of the Allied Governments undertake to recommend their respective Governments to take without delay all the measures, whether temporary or permanent, requisite for giving full and complete effect to this policy forthwith, and to communicate to each other the decisions arrived at to attain that object.”

No doubt the Paris Economic Conference has done good work. Their task was by no means a light one, practically to make suggestions to revolutionise trade relations between their respective countries, and to give an outline of the terms on which future economic treaties could be based ; but, good as the resolutions

are, until they are carried into effect they are merely recorded pious opinions. Certain views of some public men on this subject are subjoined. Mr. Bonar Law at a dinner given in June 1916 said: "I am certain that these (the Paris Conference) resolutions will be adopted not only by the present Government, but by the present House of Commons, and that they may be taken as representing the settled policy of the British Government," whilst on June 26th, 1916, Mr. Asquith, then Prime Minister, replying to questions as to opportunities for discussing the resolutions, said: "If there is any general desire for such a discussion the Government will endeavour to provide an early opportunity for it." And Lord Robert Cecil informed the House of Commons, on July 13th, that the resolutions passed at the Conference "have been confirmed by the French Government."

On the other hand, in order to prevent any definite action from being taken, Lord Beauchamp presided last July at a meeting of members of both Houses, when the following resolution was passed:

"That this meeting of Liberal members of both Houses of Parliament records its firm adherence to the principles of Free Trade and undertakes to offer the most determined resistance to any proposals to depart therefrom."

It is, however, not stated what number of members were present or who they were.

Before anything can practically be done to carry out these proposals, and before we attempt to commence differentiating between our Allies, neutral

nations, and present enemies, we must denounce certain commercial treaties which contain "most favoured nation" clauses. Those "most favoured nation" clauses have hitherto done nothing to encourage our trade. One of the first of those treaties made was between France and the United States as long ago as 1778. The terms of the "most favoured nation" clause in it are as follows :

"The Most Christian King and the United States engage mutually not to grant any particular favours to other nations, in respect of commerce and navigation, which shall not immediately become common to the other party, who shall enjoy the same favour freely, if the concession was freely made, or on allowing the same compensation if the concession was conditional."

Since the sixties all European States have given up the standpoint of a conditional construction of a "most favoured nation" clause—that is to say, that all favours given to a third State are now given to any State which has previously had a treaty made on a "most favoured nation" basis. These concessions are given without any compensation even though secured by the first country in return for costly concession. The real point to be considered to-day is this : That no special reciprocal arrangements can be made between the Allies until these treaties are denounced, since until that is the case any concession made would under it automatically become extended to all other nations possessing similar privileges.

It would, therefore, be better to denounce all

treaties which hinder the development of our industry or that of our Allies. If you have a building with an unsatisfactory foundation, pull it down and build another. You will not achieve the end in view, namely, making equitable arrangements with other nations, unless you make a fresh start and new treaties to meet the altered conditions of international commerce. France hated the Treaty of Frankfort, which she has taken steps to denounce. Russia has already done the same with regard to treaties that bound her to Germany and Austria; as a matter of fact they were so drafted as to be diametrically opposed to the commercial interests of the United Kingdom, and it was said that Russia was a somewhat unwilling party to that part of these treaties.

Referring to the European treaty system, it is important to notice that whilst in office last year Mr. Runciman said in a speech which he delivered: "When the war is over not one of those things will start off in the same position as when the war began."

It is said that a certain place is paved with good intentions. One must hope that these good resolutions passed at the Paris Conference, excellent as they are, will not be used for a similar purpose. One of the chief evils that it is imperative to have remedied is the attack on the "key industries" of Great Britain and the Empire by what is known as the German "dumping" practice. What is a "key industry"? some may ask. No clearer definition of what it is could be given than the one which M. Henri Hauser, corresponding member of the Institute of France, sent to the *Morning Post* in June 1916. From it the following passages are extracted:

“Sir Hugh Bell, in his pamphlet on *Trade after the War*, denies any value to the idea of a key industry. This name is given, as everyone knows, to an industry which allows a second to be derived from it. We have seen during this war that the absence of certain industries of a fundamental order has prevented the pursuit in the same country of other industries which utilise the products of the first class. How is it possible to make dyes or explosives when phenol cannot be made and when no more of it reaches you from abroad ?

“There *are* key industries, and the nation which allows such industries to die out from its midst loses the key which opens the door to others. Galvanised iron has been an important English industry, says Sir Hugh, and will be again, ‘if it can be saved from its friends.’ Now to contend against the German industry is it not better to buy one’s zinc more cheaply than to pay high prices at Swansea ?

“So it seems. The manufacturer of iron-plates believes that he is doing good business when he profits by the prices of zinc dumped in Swansea by the German Cartel. He is pleased to think that he, an Englishman, pays less for German zinc in England than the Germans pay in their own country, and that consequently he is able to make iron-plates less expensively than the factories in Düsseldorf. *And this is true for a certain period*—so long as the practice of dumping is applied only to the production of zinc.

“But the time will come when, thanks to dumping, the zinc industry will have disappeared from England. Then the policy of the German Cartels will assume a new aspect. The German manufacturer who buys German zinc to make German iron-plates will continue to pay a few pfennigs more than his English competitor, when his iron-plates are intended for German customers. But when it becomes a question

of German iron-plates intended for English custom matters are arranged in the following way : The Zinc Syndicate agrees to deliver to the Iron-plate Syndicate a fixed quantity of zinc, no longer at the current market price in Germany, but at the dumping prices of Swansea, or even at a lower price. Consequently, the iron-plate manufacturer at Düsseldorf will at last be able to enter the English market as a competitor of the English manufacturer of the same article. As the Coke Syndicate, the Cast-iron Syndicate, and the rest will have agreed to furnish him with the same advantage, he will be able, when it may be necessary, to lower his prices by several marks and drive the English iron-plate trade out of the Swiss or Italian markets.

“ Gradually the English trade in galvanised iron will be threatened, for the very reason that it has for a long time previously imprudently profited by the dumping prices of zinc. The zinc industry was a key to the iron-plate industry, and the key has been transferred from Swansea to Düsseldorf. Galvanised iron-plates, for instance, are used to make reservoirs for rain water. German dumping allows English makers of reservoirs to buy during a certain time their iron-plates more cheaply than if they had been made in England, and consequently to beat their German rivals in the markets of the world, to sell them even in Germany. All is for the best in the best of worlds until the day when dumping shall have strangled in England the trade of galvanised iron and when the German Cartel of iron-plates allows the Cartel of Reservoirs special exportation prices. Then the German reservoirs sell in Spain more cheaply than the English reservoirs. Then they will be sold more cheaply in England itself, and so on. Every industry is a key in relation to the industry immediately above it in the scale of production. To lose one such key



means losing at once the means of opening the doors of the floor above ; eventually it means losing the keys of all the floors."

There are some exceedingly bigoted manufacturers in this country who use the words "free trade" as an attempted answer to any argument regarding dumping or any other question, as if those two words were a sort of patent medicine of which they do not stop to inquire the contents, but, finding it gives them temporary relief, are perfectly indifferent as to whether it does them a permanent injury or not. The expression "free trade" has that soothing effect upon them that the blessed word "Mesopotamia" is supposed to have had on the old woman—though whether even that word would have the same effect during the last year or two is more than doubtful, if she were of British birth and had relatives at the front in that country ! If one attempts to point out to them the evil of the destruction of our key industries they stubbornly refuse to understand. It is not because they cannot see, but their selfishness, and one may add their shortsightedness, is so great that they *won't* see.

To refer to the instance quoted by M. Hauser which has been previously given, so long as they get zinc under a fair market price for that commodity, and make a large profit, what care they if the zinc industry is ruined ? If any of these obstinate "Free Traders," as they call themselves, have ever studied the question, which one doubts, they would know that this is against their pet doctrine, as Free Trade, which we were told was the "design of nature," was to buy goods at

their natural price in the country in which they were produced or manufactured, not foreign goods sold there under their market price by means of a bounty or other artifices. When, however, the tin-plate manufacturers, as has been shown, were attacked, and their business ruined by the same insidious plan, the purchaser of the tin-plates was in turn attacked and his industries undermined by the same process. His eyes were then opened to the iniquity of the plan, and so, in succession, industry after industry is destroyed after the key product to their manufacture is first undermined and then ruined.

It is sometimes well to look at our economic position with the eyes of others, more especially when they are those of a great statesman of a friendly Power ; in other words, it is well to do as Burns said, "see oorsells as ithers see us." M. Thiers, when he was the distinguished President of the French Republic, said on one occasion :

"What was needed to make Holland, which gives laws to France, descend from her lofty position ? It only needed fifty years. It only needed a Navigation Act in England and a Colbert in France. God forbid that I should predict for England such a destiny ; but I repeat it : her existence, which depends on consumers which she seeks everywhere *outside herself*, is less solid than that of France who has her consumers within her own bosom."

France has never been a Free Trade country. Her protective tariff of 1892 has not increased the price of living in that country, and since it came into force it has, on the contrary, diminished the cost of the wholesale price of bread as much as fourteen per cent., whilst

meat has decreased in price five per cent. Wages, on the other hand, are ten per cent. in excess over their previous level, and the capital in French savings banks is greater.

It is rather noticeable that whilst in the United Kingdom we raise revenue mainly by means of direct taxes, such as income tax and death duties, in France, one finds, in examining their budget for the years 1911-1913, that whilst the direct taxation was under twenty-five millions, out of their total revenue of one hundred and eighty-nine and a half millions three items alone of indirect taxation—customs, miscellaneous, and sugar—account for no less than fifty-five and a half millions of revenue.

The commercial possibilities of Russia after the war is a question which should be carefully considered. Russia is a huge country occupying one-sixth of the earth, with a population of one hundred and seventy-three millions, chiefly occupied in agriculture. The last-mentioned fact can be appreciated when it is stated that she has under cultivation in cereals, potatoes, etc., the enormous area of three hundred and sixty-one million acres. Two of the larger cities, Petrograd and Moscow, contain, the former two million inhabitants and the latter about half a million less. Her resources in mineral and other wealth are very great, and include gold, platinum, silver, copper, iron of a very superior quality, lead, coal in apparently inexhaustible supply, oil fields of excellent naphtha, splendid harbours, immense rivers, nearly forty-seven million miles of railways, and an important and growing manufacturing interest. Of the exports of the United Kingdom in 1914 she took products of the value of

fourteen and a half million pounds sterling, of which machinery was the principal of our manufactures, coal and manufactured metals being the next two in order of value.

From Russia we imported goods and products to the value of twenty-eight millions, which included timber, corn and grain, butter, hides, flax, and eggs, and others to a smaller extent. The Russian import tariff is by no means a light one, and there is no doubt that if mutual preferential and discriminating duties were arranged between the United Kingdom and Russia a very much larger interchange of commodities between those two great countries would be the result.

It makes one pause to think that His Majesty the King, and the Emperor of Russia—two cousins—are rulers over six hundred and eight millions of the human race. The good feeling between the Russian and British people at the present time is very thorough. An English friend of the writer's who was on duty in Russia last summer told him, on his return to England, that he never saw anything like the enthusiasm with which the English are now received in the Russian Empire. Their kindness of the Russians, he said, was almost too pressing, and he himself had slightly suffered from a plethora of good dinners and high living.

In conversation, also, last October with two of our wounded soldiers, returned prisoners of war from Germany, each of whom had lost a leg, one learnt that the camaraderie and friendliness of the Russian prisoners of war in Germany to the British soldiers in the same unfortunate circumstance were very marked indeed.

In order further to encourage our trade with Russia, our commercial travellers should be better equipped, and should have a knowledge of the Russian language, which one gathers is by no means so difficult to acquire as some people imagine. We should study the customs and requirements of the Russian people and supply them with exactly what they require, not with what we wish to sell. Our business circulars should be in Russian with prices, measurements, etc., in local equivalents. The German travellers are much more up-to-date in their methods of discovering the financial soundness of their customers and in cases where they do not represent firms selling similar goods they are said to assist one another most willingly with any knowledge they acquire.

Our Consular Service in Russia requires strengthening. It only consists at present, according to recent returns, of thirteen paid British Consuls—that is to say, only two more than are appointed to another of our Allies, namely Portugal, which has a population eighteen times less than that of the Russian Empire.

It has been mentioned that their import tariff is by no means a light one, and that statement would appear to be justified by giving the following items taken from our official Blue book on this subject. Under the heading of woven manufactures appears the fact that cotton velvets and plush have to pay on entering Russia a duty of 2s. 6 $\frac{3}{4}$ d. per lb., whilst for the same weight cotton tulle for curtains is charged 4s. 8 $\frac{1}{4}$ d. And on made-up women's clothing the duty in that country is 9s. 4 $\frac{1}{2}$ d.

Turning to other of our manufactures, of which we sell a considerable amount to Russians, rails of steel

or iron, perforated or not, have to pay per hundred-weight 5s. 11d., whilst steel or iron wire pays according to gauge, the finer descriptions being charged the heavier duty, which is per hundredweight from 11s. 10d. up to £1 10s. 10½d. From a long list these duties are simply taken as examples, and one could continue quoting many others of a somewhat similar amount *ad infinitum*.

By one of the most recent reports available issued by the Foreign Office and the Board of Trade one finds that the development of Russian industries may be gauged by the fact that the output of fuel during the first nine months of 1913, the last complete year before the war commenced, had grown to about thirty million tons as compared with twenty-five million tons during the same period of 1912. Notwithstanding this remarkable increase in the consumption of fuel, it is estimated that the demand exceeded the supply by over two and a half million tons.

As in America and elsewhere there is a strong feeling in Russia against syndicates and combines, and the Ministry of Trade and Industry has been approached by a variety of interested parties for protection against them. The Ministry is now considering the advisability of prohibiting trusts, etc., formed without the express sanction of the Government. One item of export that strikes one as remarkable in regard to the amount sent by Russia to other countries is that of eggs, of which in 1913 they exported to the value of about nine and a half millions, or an increase of half a million pounds sterling in value over that of 1912. The United Kingdom purchased 53·3 per cent. of this total, and Germany 46·3. Compared with the total import trade

of Russia, the share falling to the United Kingdom in 1913 was only 13·9 per cent. as against 13·5 in the previous year, whilst in the same years Germany's share had mounted up from 50·1 per cent. in 1912 to 52·7 per cent.

The naphtha industry in Russia practically started in 1870, the principal oilfield being situated in the Baku region, where there are 182 firms working the oil from 3,142 wells. Of the total output fourteen per cent. was obtained from oil fountains.

In Russia they have an institution called "The Peasants' Land Bank" to assist them in purchasing their land by loans advanced from the bank. The aggregate acreage dealt with by the Land Bank during the year 1913 was in excess of three and a half million acres. They advanced 93·5 per cent. of the sale price, so that the peasant purchaser was only obliged to pay 6·5 per cent. in cash.

The State in Russia appears to do everything in its power to assist the agricultural interest, and has supplied money for the construction of grain elevators in the most important agricultural districts of Russia, while during the year referred to above a sum of about £1,300,000 was assigned for that purpose.

Siberia has always been looked upon by most of us as an Ultima Thule, a place where people were sent into exile and had to traverse dreary wastes and climb snow-clad mountains to get to their destination; but one finds in reality that it is a country to which, far from its being considered uninhabitable, the emigration of peasants from Russia proper continues to grow steadily. No less than three hundred and twenty-seven thousand crossed the Urals to Siberia in 1913, as

compared with two hundred and fifty-nine thousand in 1912. The number of emigrants returning to their former homes has also fallen considerably.

The majority of emigrants settle in the province of Tomsk, on land belonging to the Imperial Cabinet and to the State ; others go to the Far East, and a few to Turkestan. Advances to the emigrants for procuring materials for building dwellings, etc., were made by the State to the extent of about seven hundred and fifty thousand pounds in 1913. The number of depots containing agricultural implements, machinery, etc., for assisting settlers has increased. Besides these the Emigration Department controls saw-mills in certain districts for providing timber on easy terms, and also a number of shops where emigrants may purchase their stores at the lowest rates.

The area allotted to emigrants during last year amounted to nearly three million acres. New roads aggregating one thousand two hundred miles were commenced, some one thousand five hundred miles were completed, surveying for over two thousand five hundred miles of new roads was carried out, and five thousand miles of old roads were repaired and attended to during 1913. During the same period one thousand nine hundred new wells were constructed for providing water for new settlers, besides reservoirs.

Whilst Russia possesses a parliament called a Duma, she is more under an autocratic form of Government than is the case in Great Britain, and whilst naturally one has a greater admiration for our form of Government in theory, one is forced to admit that the Russian system can carry out useful and practical reforms in



certain directions with greater celerity and ease than are possible here.

Before the war commenced we do not appear to have been gaining, so far as our shipping was concerned, at the port of Petrograd-Cronstadt, for in the year 1911 our gross tonnage was 22·1 of the whole at that port, whilst the German was 17·5. In 1913 theirs had increased to eighteen per cent. and ours had decreased to 20·5. In that year Germany sent into Russia goods to the value of 643 million roubles. The United Kingdom came next in the list of exporters to that country with only 170 million roubles to her credit.

Regarding timber, which is so much in demand here for paper, etc., the stock of the Urals has been little exploited, with the exception of that in the immediate vicinity of the mining works, where it has been felled for local uses. New railways in course of construction and others which it is proposed to construct will greatly facilitate the exploitation of regions hitherto inaccessible for export trade.

The following are extracts from the most recent Consular Report issued by our Foreign Office which appear to be well worthy of consideration and adoption. Do they not in detail emphasise the words, "Wake up, England!" used in a speech some years ago by an august personage.

"In view of the large trade in Russia in ploughs, threshers, seeders, and other agricultural machinery and implements there should be a great opening for British manufacturers. British firms would do well to send out representatives with a thorough knowledge of Russian, to study requirements on the spot, so that the United Kingdom may be able to step in and meet

the demand for goods which have been supplied by Germany. In the case of machinery these envoys of commerce should have an intimate acquaintance with the machines which it is their object to introduce, and should be possessed of the expert knowledge and technical training necessary to enable them to grasp at once, and apply practically, the modifications demanded by local conditions or local preferences.

“With the exception of pulp and rags, the paper mills of Russia are mainly dependent on import for the material used in the manufacture of paper. I understand that so far the greater part of this other material has been imported from Germany or by German firms, the conditions of sale granted by that country as to price, credit, and delivery being more advantageous than those conceded by other countries. But British goods could enter the field with good prospects of success, if competent salesmen knowing the language were to offer the goods c.i.f. Riga, and British firms were prepared to give sufficient credit, and to offer business on sufficiently favourable terms. The question of credit must, of course, be left to the discretion of the individual merchants, but it may not be superfluous to repeat in parenthesis an observation made in many previous Consular reports, viz. that the success of German trade in this country has been largely due to its system of extended credits. The goods in question which have hitherto come from Germany are wire-cloth and felts for paper-making machinery, dyes, and machinery of every kind used in paper making.

“The china-clay trade, which is a very extensive one, as this substance is required in so many industries, has been largely monopolised by a German firm at Düsseldorf. I am informed that this firm has contracts to purchase the output of all china-clay works in certain countries abroad, and delivers the clay in Russia to the

various mills from its warehouses in Russian ports according as the demand arises.

“It is the great adaptability of the German merchant and agent to local conditions which has enabled him to obtain such a footing, but now and after the termination of the war every chance should be in favour of his competitors. In wire-cloth, felts, and machinery Sweden is beginning a trade, and has, thanks to her geographical position and the intelligence of her merchants, great chances of success. British manufacturers should take note of the present opportunity.”

It should also be realised by British firms that the opportunity offered by the war to capture Germany's share of the import trade to Russia is one which it would be foolish to disregard. The volume and variety of manufactured goods hitherto supplied by German firms to this country are immense, and it is quite impossible to enumerate all the different classes and sub-classes of goods in which Germany holds the field. Her position as Russia's nearest neighbour, her commercial enterprise, her extreme adaptability, and the study she has made of Russian markets have all contributed to secure for her the commercial position which she has held in this country. It is satisfactory to learn that an organised effort is being made in the United Kingdom to profit by the present opportunity, and it may be hoped that the great field for enterprise offered by this country will not be neglected by British manufacturers and merchants.

The Government of Russia was during the autumn of 1913 doing whatever it could to encourage the importation of coal from abroad for the needs of the State and private railways, and to that end had

authorised the duty-free purchase of coal for the use of various railway companies.

Before concluding this necessarily brief sketch of the trend of our future economic policy with the great Empire of Russia a few words on its political life during more recent reigns might be not only interesting, but very much indeed to the point.

During the reign of Alexander II of Russia, German influence, manners, and customs were powerful, and much in vogue at the Russian Court. That Emperor himself was a staunch admirer of the Hohenzollern dynasty of Prussia, whose interests he did all in his power to support, with the result that he permeated Russia with Germanic influences in all directions, much to the chagrin of the thoroughly nationalist Russians in his own dominions.

His successor, Alexander III, followed in his footsteps in this direction, though with more caution, and being a man of very broad views had probably less sympathy with the barrack-square Prussian ideal of administration. The Emperor was at heart first and foremost a Russian.

In the middle of the eighties, just when Bismarck was once more drawing the Russian diplomacy into Germany's orbit, the first German military and financial mission went to Turkey. Early in the nineties the foundation of the German domination was laid at the Bosphorus. The policy of the Berlin Government towards Russia underwent a radical change. After the unification of Germany, weak Prussia needed strong Russia to protect her, and also wanted her aid in her aims of aggrandisement ; but when she attained her end in consequence of the unselfish services of Russia,

and Prussia had absorbed and assimilated Germany, she wanted her late protector to become her satellite. In furtherance of that object German colonisation in Russian Poland and elsewhere in that country was commenced on a large scale. German syndicates set to work to buy land in Russia and Poland, and afterwards in Western and Southern Russia, and the extent of that pacific invasion is still to some extent, or was still prior to the war, felt in Russia.

Alexander III was the first quite national Emperor of Russia, and could be regarded as the founder of a new and purely national Russian dynasty. Under the rule of the present Emperor Nicholas II it is considered by the best Russian authorities that the German chancellories have spared no effort to weaken Russia by trying to thrust her into hazardous and disastrous undertakings, and, according to Wesselitzky, in his interesting short treatise entitled *Russia and Democracy* :

“During the South African War the Berlin Cabinet and the Emperor William himself strained every nerve to form a coalition against Great Britain. The pronounced friendliness of the Emperor Nicholas towards the latter disconcerted their schemes.”

The systematic colonisation previously mentioned and the pacific commercial penetration of Russia by the Germans was renewed later with increased energy, and was hurriedly pushed forward, more especially in the frontier provinces. The greatest progress was made in the Vistulian district, in Poland, in the Baltic provinces, and in South-Western Russia. The alien emigrants of these districts have recently proved willing to serve in the field against Russia, and indeed

large numbers of them are doing so, whether they were nominally naturalised Russian subjects or not.

They are said to furnish the best spies of that corps of German spies and paid emissaries with which every country in the world has been cursed, more especially during the recent initial period when Germany, at the instigation of Prussia, was preparing to spring from her lair like a panther, attack and destroy the other European nations, and place her War Lord and Germany supreme "über alles." German schools were started in various parts of Russia, and were, as a matter of fact, fortresses to further the ends of the Fatherland.

All these attacks on Russian nationality were resisted by the Slavophiles, who fought as hard as they could to liberate their country from the German yoke. The present Emperor is a devoted advocate of peace, as strong in that respect as his deceased relative our late King Edward VII, and it was at the instigation of the former that the Conference at the Hague was held and the various rules drawn up respecting arbitration (or the way in which war, if it arose, should be conducted), rules which, during recent hostilities, have been more honoured by the Germans in the breach than in the observance.

As there has recently been some attention regarding the village commune or "Mir," and as that is an important Russian institution, it may be interesting to remind the reader what it actually was and how it has been changed.

The system is that all male peasants in every part of the Empire are inscribed in census lists, which form the basis of direct taxation. These lists are revised at regular intervals, and all males alive at the time of

the revision, from the new-born babe to the centenarian, are duly inscribed. Each commune has a list of this kind, and pays to the Government an annual sum proportionate to the number of names which the list contains. During the interval between the revisions, the financial authorities take no notice of the births and deaths. A commune which has a hundred male members at the time of the revision may have in a few years considerably more or considerably less than that number, but it has to pay taxes for a hundred members all the same, until a new revision is made for the whole Empire.

The payment of taxes is inseparably connected with the possession of the land, whilst at the same time they are neither paid as the rent of the land nor as a land tax, for in Russia the members of one commune may possess six acres and those of a neighbouring one seven, and yet the taxes may be identically the same—the fact being that the taxes are simply personal, and are calculated according to the number of "souls" inscribed in the communal lists at the time of the revision.

Each commune has the power to distribute the land as it sees fit, and as a rule it allots the land in the number of shares corresponding to the number of individuals in each family; and as receiving a share makes it obligatory to pay the tax in many communes, the shares are allotted and reallocated in accordance with the number of able-bodied adults there are in each family. In Russia the possession of a share of communal land is often not a privilege, but a burden. Naturally, owing to deaths and a variety of other reasons, the working powers of the several families in

the village commune change ; hence there are often independent reallolements of the land made by the commune itself, besides the general Government revision, which occurs on the average once in about fifteen years. This village commune is governed, as we should term it, by local self-government of a most democratic character. The elder merely represents the executive power, whilst all real authority resides in the assembly, of which all the heads of households are members.

The commune, it must be remembered, was not abolished by recent legislation. Its members were only allowed to choose between remaining in it or becoming individual landowners. The power to hold his own land and become transformed into an individual working unit has commended itself very much to the Russian peasants, and they are eagerly buying up the goodwill of their land aided by advances from the State. It is estimated that in due course eighty per cent. of the communal land will be thus dealt with.

The colonisation of Siberia is also, as has been incidentally mentioned, proceeding apace, and from European Russia alone there have been half a million new settlers ; but one of the most important matters that has occurred during the second period of the present reign has been the marked rapprochement of Russia to France and England. Nicholas II is carrying to completion the work indicated by Peter the Great of a firm alliance with France and England, which may be called that great monarch's unwritten testament.

The Russian Government has been very patient with German arrogance during the last few years. She outwardly bore with patience the Kaiser's boastings



about Germany's "shining armour," also the entirely one-sided arrangement of 1911 by which Russia recognised the Bagdad Line as a German Government undertaking. She also looked on quietly during the creation of the State of Albania and the exclusion of Serbia from the Adriatic, both of which were directly due to Germanic influences, and were the direct cause of the second war between the Balkan Powers.

One of the most remarkable revolutions that have occurred in regard to social reform in any country has been the heroic action of the Russian Government in abolishing the sale of all alcoholic drinks in that country since the present war commenced ; despite the fact that money for warlike purposes was urgently required, she took that drastic step which many prophesied would lose her millions of money per year to her revenue. Contrary to such expectations, the taxes did not drop after this change, but rose considerably, and the productiveness of the people is said to have increased thirty or forty per cent., whilst their savings placed in the bank were in excess in 1914 over those of the previous year by no less a sum than two million eight hundred thousand-odd pounds. The standard of living has also been raised in Russia. That Empire is, in truth, a democratic monarchy. Her subjects have shown the greatest loyalty throughout this war, and have never been more thoroughly united. They are determined to liberate the Slavs and to solve the question of Russia's access to an open sea at some future date. Under the wise leadership of the great Slavic Czar this union of democracy has been accomplished. Mr. Lloyd George, who is a master in summing up in a few clear words the whole substance of a

question, stated at Bangor in 1915 that he doubted if Russia ever made an aggressive war on her European neighbours, and that "Russia desired above everything peace; she wanted peace, she needed peace, she would have had peace had she been left alone." She was, in fact, at the beginning of a great industrial development when the war broke out, and she wanted peace to bring about its fruition, also to eradicate from Russia as far as possible all traces of German penetration.

One of the most popular recent acts of the Russian Government has been the russification of the name of the capital to the word "Petrograd." This appears to indicate the end of the German domination in Russia, and the beginning of a Russian period of history, and efforts are being made, which it is to be hoped will continue both now and after the war, to knit both fronts of the Grand Alliance, the Eastern and the Western, as a safeguard both for their material prosperity and for the future peace of Europe.

According to the old Japanese mode of reckoning, 1914 was the Year of the Tiger, which should according to superstition have been a year of tragedy and disaster. This has proved to a great extent to be the case. It commenced with a volcanic eruption of some magnitude at a place called Sukurajima in the south of Japan. Her Majesty the Empress-Dowager passed away in the spring, plunging the whole nation into mourning. The Cabinet fell later on, certain scandals to some degree contributing to that event. In the early summer the failure of a large bank brought about a feeling of uneasiness, and in August Japan joined her Ally Great Britain and declared war on Germany.

One of the great difficulties Japan has experienced

since the war commenced has been the lack of shipping facilities. She had exceptional demands for wheat and bran from Australia, for oats and barley from Europe, and, needless to say, for warlike stores from Russia and elsewhere. Maize was required on the Pacific coast. In fact, increased demands were made in all directions for her produce and manufactures except in regard to silk. The tilling of the land is held in the highest honour in Japan, and doubtless many Japanese are at a loss to understand how any great nation can treat agriculture as a Cinderella amongst industries and prosper. Rice has been from the earliest ages in Japanese history one of their great staple products of agricultural industry, but until the latter years of last century no appreciable quantity of it was exported to foreign climes. At one time its being sent from Japan was absolutely prohibited, owing to the fear that the drain of rice from the country might cause a famine. In the year 1914 one finds that the United Kingdom still remained at the head of the list of those countries which supply Japan with machinery. There are some important points which should be borne in mind ; one is that the Government Departments which encourage the policy of supporting home industries place their orders in Japan whenever they can possibly do so. That has always been the policy of the Japanese, so in the last great war in which they were involved as much as seventy per cent. of their war outlay is said to have been spent at home, and in consequence there are many examples of struggling industries which were built up into successful concerns by the large demands made on their capacity.

Another thing to be remembered is that Japanese

engineering works are increasing in number and capacity. Of course, if it were not for the heavy duties, it would be impossible for them to compete in many lines with our manufactures, but the duty and the freight give them a big advantage which enable them to come fairly near British prices, and it is suggested that the makers of British machinery will have to consider whether it would not pay them to ship only the small delicate parts and have the heavy castings made locally, thus saving the duty and freight on the latter. That suggestion is made by the Foreign Office here, and it is only one instance of the result of a high tariff in a foreign country possibly causing unemployment amongst the working-classes here.

One of the interesting features of engineering work in Japan is the large number of very small establishments in existence—places which appear in engineering directories as “So-and-So’s Engineering or Ironworks,” but which really consist of a workshop with one lathe and two or three hands. They have no establishment charges, they work for a very small profit, and consequently they are able, in tendering for Government work, to put in exceedingly low prices. They do not quote direct, they are too small to do that, but a sort of broker takes the contract from the Arsenal or other department and then sub-lets it to these different works. As they are on such a small scale there is a good deal of irregularity in the output, and the percentage of rejections is large, but none the less competition from such works is very severe.

There is no doubt that the trade of Japan will expand as the years roll on, and that she will become a greater competitor for the trade of the various other nations of

the world, more especially that of China. The trade to China from Japan is a growing one, and the merchants of the latter country have many advantages. They understand thoroughly the customs of the Chinese ; they usually know not only the writing but also one of the colloquial languages of the Celestial Kingdom, and they have not only the advantage of propinquity, but they have also several steamship lines of their own running large and swift steamers regularly to the ports of China. These steamers also run to Hong-Kong, Manila, Singapore and Saigon, and to the Japanese Islands, and, of course, there are large lines running to Europe and America.

The imports from the United Kingdom in 1914 were valued at fourteen and a half million pounds sterling. The chief in importance were iron and steel and machinery. Of woollens we sent more than nine hundred pounds' worth. Other articles of commerce were cottons, manures, chemicals, wool, arms and ammunition.

The soil of this country is very productive and grows every variety of agricultural produce. Minerals are extensively found throughout the Islands, and include copper, iron, lead, antimony, sulphur, and zinc. Gold and silver are also found in the Island of Sado. The chief manufactures are silk and cotton. Fruit is abundant. The Japanese are introducing from Europe apples, pears, strawberries, peaches, grapes, and figs. The area of the country is about two hundred and six thousand square miles, and the Islands of Japan proper contain a population of about fifty-three millions, whilst, with Korea and their other outside Dominions, the total population exceeds sixty-seven millions.

The export trade from Japan to the United Kingdom was just before the war about £4,300,000 in value, and was chiefly composed of silk goods, straw plaiting, unwrought copper, oil, fish, porcelain, and seed.

As Great Britain has decided to adopt a form of conscription to meet the requirements of this war, of all males between the ages of nineteen and forty-one, with certain limited exceptions, it might be interesting to note that, after the abolition of the long-rooted feudal system in Japan of 1873, conscription was introduced there, and contrary to the opinion of foreigners it was successful, and worked remarkably easily and perfectly from the start. This bold experiment has not only given to Japan a large standing army which can be expanded without difficulty or confusion in time of need to include all the vigorous manhood in the country, but in no sense has the Imperial army there deteriorated from the high standard of courage, devotion, and discipline of the old Samurai levies.<sup>1</sup>

Certain schemes are now in the air in this country for the framing of a Constitution for the United Empire, a subject presenting great possibilities, and also great

<sup>1</sup> Compulsory Military Service came into force in Great Britain in the spring of 1916. The requirements of the case rendered it needful. During the spring and summer of 1915 the author of this work was in the recruiting service, and as a recruiting Staff Officer had charge of a large district in the London Command. The recruiting was then on the voluntary system, and amongst the recruits who presented themselves to be attested were men who had come as far as from the Argentine and South Africa to join the Colours; two of them said that they had been clerks in an office in Buenos Ayres in which there were also several German clerks, and that these Teutons had received mobilisation orders to return to Germany and rejoin their regiments in June 1914, which they had obeyed—this

difficulties which one trusts may in due course be surmounted, and on this topic Lord Milner and many of the leading statesmen of the Mother Country and the Dominions expressed their views at a conference held at the House of Commons. It may be interesting here to note the steps which were taken in Japan to frame the Constitution which came into force in the last decade of 1900, and which has, on the whole, worked smoothly both in times of peace and in times of war.

To Marquis Hirobumi Ito was confided the arduous and difficult task of framing a draft of the new Japanese Constitution. He set about this herculean task in a very practical and systematic manner, and spent much time abroad studying the constitutions of various countries. His difficulty was increased by the fact that his country had always been a non-constitutional one, and that he had to erect on the débris of its past history and old-world customs, and prepare, a constitution adapted to the modern requirements of Japan. He had further to remember that his was intended as a permanent measure, and it was necessary, therefore, to examine all the possible effects which were likely to

prior to the assassination of the Archduke Ferdinand of Austria. This clearly shows that the pretext of his murder for attacking Serbia made by the Austrians was merely an excuse, and that this war had been premeditated and certainly determined on in Berlin in the spring of 1914, if not long before.

In the autumn of 1915 a sort of half-way house or compromise was attempted. This particular recruiting scheme was about as easy to carry out as the mixing of oil and water, since it involved the attempted fusion of voluntarism and compulsion. Recruits however, flowed in, and recruiting occasionally extended far into the night. It could only, however, be a sort of makeshift, and was at length succeeded by an excellent and thoroughly workable system of compulsory service.

arise from it in the distant future, and to keep clearly before his eyes that it was absolutely essential to safeguard the traditional rights of the Sovereign. When, in July 1912, H.I.M. the late Emperor of Japan died, Marquis Hirobumi Ito was so afflicted with grief that he committed suicide, or harikari, in the Japanese manner.

The Constitution thus created relied on the Sovereign of the State as the sheet-anchor to prevent the bark of State from drifting into difficult and dangerous waters. It is interesting to note that in some respects the Constitution given to Japan by the Emperor is analogous to many of the constitutional precedents (for we have no written Constitution) of Great Britain. In other respects the French or German representative institutions can be traced, and many provisions are *sui generis*, originating from the well-considered and ripe judgment of those who framed this Magna Charta to suit the customs and requirements of Japan. Other provisions are, again, modifications, and in many instances improvements, of the systems adopted elsewhere.

As the port of Kiaochow has loomed rather large before the public eye during this war in consequence of our Allies the Japanese having captured it from the Germans, a few words respecting it may not be out of place. Russia had occupied Port Arthur in 1897. France had got her frontier rectified in the Meking valley, as it was euphoniously called, and the time appeared ripe for Germany to claim her share of the good things going ; so she determined, to quote Count von Bülow, "not to be out of the sunshine," and found a pretext in the murder of two German missionaries



by some fanatical Chinamen in the interior to assert her position. The German Emperor deemed that this lamentable occurrence could only be expiated by the surrender to Germany by the Chinese of the harbour of Kiaochow. Germany also demanded, with the threat of the "mailed fist" indicated by the squadron of ironclads which she sent to the East, the right of making a railway in and controlling the province of Shantung, in both of which plans she succeeded. She immediately set to work to make the new harbour of Tsingtao. The next step in the trend of events which happened in China was the Boxer rising in 1900, and the march on Peking by the Allied Forces, including the Japanese, to the rescue of their several legations.

To teach "the pagan," it is presumed, some of the Christian virtues, the Kaiser made the following famous speech to the German contingent which took part in the operations against the Boxers, which it seems worth while inserting here, as some people may have forgotten how the name "Hun" has been acquired by the Germans. His Majesty said to his men :

"No quarter will be given, no prisoners taken. All who fall into your hands shall be at your mercy. Just as the Huns a thousand years ago, under the leadership of Attila, gained a reputation for sternness in virtue of which they still live, so may the name of Germany become known in such a way in China that hereafter no Chinaman may so much as dare to look askance at a German."

The Japanese troops fought bravely side by side with the troops of the Western nations, especially keeping up the best relations with the British and

American forces. During the first stages of the campaign, the French entrusted the care of their sick and wounded to the Japanese military medical service, and thus practically testified—as has been also done by eminent British medical men, such as Sir Frederick Treves, and others—to the completeness and excellence of the Japanese military medical arrangements for the care of the sick and wounded, and to the determination to do all in human power to alleviate the sufferings of friend and foe alike caused by the dread realities of war.

Great Britain and Japan entered into a new and strengthened alliance in the year 1905. That treaty contains a clause to which Japan has strictly adhered, promising to act under certain contingencies in support of the naval and military forces of the United Kingdom. The treaty between Great Britain and Japan has been tried in the ordeal of fire and has not been found wanting. The two island Empires of Great Britain and Dai Nippon are both non-aggressive Powers, and no incident can arise which one can foresee which in their united action can fail to be beneficial to the interests of peace.

It makes one sad to reflect that no country in the world was pursuing its path of peaceful progress and living, apparently, on terms of perfect friendship with its great German neighbour more contentedly than Belgium in July 1914. Without provocation or excuse, and with a cynicism that is absolutely appalling, Germany tore up the "scrap of paper" in which she had with the other great Powers of Europe guaranteed Belgian independence, and invaded that country, sending her hordes of long-prepared and carefully organised

armies across the Belgian frontier to attack the fortress of Liège. Bravely and stubbornly did Belgium do her best to withstand her giant foe, and in that memorable fortnight during which she checked the enemy and gave to the armies of France and Russia, and our small but gallant expeditionary force, a short period to prepare, the time thus given proved to them of inestimable value, and did much to save the situation and rescue Europe from a devouring aggressor and a bitter fate. Belgium suffered cruelly for that, and is still suffering ; but as there is a God to protect the weak, who, in due course, and in His own time, metes out punishment to the evil-doer, her wrongs will be righted and her future security assured by no parchment treaty (worthless with such a foe !) but by the strong arm of retribution and just revenge, rendering her neighbour powerless to again rob, ravish, murder, burn, and destroy. As far as money or added territory can repay Belgian wrongs she will have just restitution made to her by Germany, though, alas ! no restitution can restore to life her brave men, women, and children who have been massacred, or her gallant soldiers who have fallen in her fight for life and liberty.

Though the population of Belgium does not exceed seven and a half million souls, her manufacturing industries are of great importance. Her chief exports to the United Kingdom in 1914 consisted of flax and cotton manufactures, glass, leather goods, iron and steel, linen, motor-cars, woollens, zinc, and paper, whilst she purchased from the United Kingdom a large amount of coal, cotton manufactures, chemicals, leather and boots, machinery, metals, wool, and a large number of horses, the last to the value of £363,486.

The Belgian trade was in 1914 to a considerable extent a transit one, and her import tariff was so arranged that there were light duties in the portion of her trade which was a transit one, and heavier ones on those goods imported for use in Belgium and which competed with her manufactures. As Belgian works make similar goods to those we obtained from Germany, a discriminating duty in her favour by the United Kingdom, after we have a general tariff, would be to the great advantage of her trade.

In turning our eyes to our Ally beyond the Alps, Italy, since the days when her traders bartered their goods with the inhabitants of this country for the products of the tin mines of Cornwall, has always had commercial dealings with the United Kingdom of greater or less importance. At present they are considerable, and appear to be, as they were in those early days in history, the natural products of Great Britain, such as coal and iron, more than with her manufactures. In 1914 they amounted in value to fourteen millions, whilst we purchased eight and a half millions of her merchandise, principally her silk and vegetable food-stuffs, together with a considerable quantity of woollens, cotton goods, hemp, linen, yarn, and tissues.

Italy appears to have been always an important maritime and agricultural power, though the former seems to have been her chief rôle. She possesses a mercantile marine of about one million one hundred thousand tons burden, chiefly iron or steel vessels, and from her position in Europe she already possesses a very large share of the trade of the Mediterranean ports. In addition to this her lines of steamers and trading

vessels are now found in every port throughout the world.

As we are aware, her naval force is of considerable relative strength in comparison with the other navies of the world, and she has in recent years spent large sums on its equipment and armament. As the years roll on we may expect to see a peaceful rivalry of a more pronounced character between Italian merchantmen and those conducting our carrying trade to the East.

The following extract from a recent consular report may be of great interest to either Canada or Russia, more so, probably, than to the United Kingdom :

“ Since the outbreak of war Italy has experienced the greatest difficulty in getting timber from Austria-Hungary, her chief supplier, and the importation of this commodity decreased very much. The Government has for some years past realised the necessity of encouraging reafforestation, with a view to rendering Italy independent of foreign countries for the supply of timber, the importation of which averages one million two hundred and fifty thousand tons per year. Large sums have been devoted and are yearly spent in planting forests and regulating the water basins in the mountains under the State domain, and prizes are distributed among private landowners who are disposed to follow the Government's example. But for many years to come Italy will have to import large quantities of timber. There was a small decrease in the importation of furniture from Austria-Hungary and the United Kingdom.”

A large proportion of the inhabitants are employed in agriculture, and though the soil is not cultivated

to the high standard which it probably might attain, still Italy's chief agricultural products, such as wine, oranges and lemons, and olive oil, conduce greatly to her wealth and to her export trade.

There is no doubt that our trade with this country would increase if her import tariff were not so high as it is, if she organised and classified her tariff more thoroughly, and if there were more reciprocity in that respect between the United Kingdom and Italy.

The best customer for her hemp and flax tissues is Great Britain. During the year 1914 Italy was favoured with an abundant crop, and her exportation of those materials rose greatly. The war has caused a great set-back in the Italian silk industry. That, one must hope, is only of a temporary character. She has been importing a large amount of rubber from Brazil and the Straits Settlements, the result being an increased exportation of tyres produced exclusively in Northern Italy, from seven thousand hundredweights to forty-one thousand hundredweights coming to the United Kingdom, whilst the exportation of tyres to Belgium, Switzerland, and Germany has decreased.

It is noticeable that in 1914, whilst there was an increase of Italy's exports to Great Britain of more than two million pounds sterling in value, there was a decrease to Germany of about one million.

At the moment of the declaration of war by Italy against Austria, she was hampered in her commercial relations with Germany by two treaties—one signed on the eve of the declaration of war, which in substance was a modification of the international Geneva convention tending as far as possible to "civilise" warfare, and another, a commercial treaty, signed for the first

time in 1891 and renewed in 1904, which made Italy a tributary to Germany from the economic point of view. It was announced in August 1916 that this second treaty, to which Germany attached the greatest importance, was about to be denounced by Italy.

There has been a very complete penetration of Italy by German trade and finance operations. It has been clearly seen that the way in which Italy will be rescued from that position is by the arrangements made by the joint efforts of a British-Italian Banking Co-operation recently started to provide methods of finance of a satisfactory character, a scheme by which the commercial independence of Italy will in no sense be compromised. Our hearts go out to our gallant Ally and her brave soldiers who are so determinedly meeting the foe on her northern boundary.

The Kingdom of Roumania, although comparatively speaking a small one, containing as it does a population of about seven and a half million people, has come gallantly to the front and joined the Entente Powers against the Military Autocracy of the German Empire and her satellite associates, and she is, as these lines are written, struggling for her independence and liberties against the octopus-like grip of the Central European Confederation and their Balkan Allies.

The wealth of this country consists principally in cattle, corn, minerals, and petroleum; not greatly worked except in regard to her petroleum fields and salt mines; both of which have, no doubt, caused her to be looked upon with jealous eyes by the Central Powers. She defeated Bulgaria in the second Balkan war of 1913, and is said to have made a treaty with that Power last year, which promised neutrality if

she went to war with Germany. Roumania appears to have believed that this treaty would be adhered to, and, in consequence of Bulgaria's treachery, has had to defend two frontiers instead of one. Her army, when fully mobilised, is said to consist of seven hundred and fifty thousand men, or ten per cent. of her population.

Roumania is amongst one of the richest agricultural and mineral-bearing countries in Europe, and contains an area of about fifty-three thousand square miles. The people pride themselves on the fact that they are largely of Latin origin, and thus have a racial link with France and Italy. As regards the climate the winters are intensely cold and the summers equally hot. The geographical position of the country renders it the guardian of the mouths of the Danube—that great central European river with its vast, though only partially developed possibilities.

How history repeats itself ! The Roumanian people of to-day are the descendants of those Roman colonists whom Trajan planted for the defence of the Empire against the northern barbarians, and in defence of Latin civilisation. Their first conquest is commemorated in the reliefs of Trajan's column in Rome. The province was named Dacia, and included the greater part of the modern Roumanian Kingdom and of Transylvania. To the present day the vast majority of the population of Transylvania are Roumanian, alike in origin, in language, and in sympathy.

A recent electoral law passed in Hungary includes special clauses demanding a higher qualification for the vote in Transylvania than in Hungary proper, and also giving preferential voting power to the towns where the Saxon and Magyar element is considerable



rather than to the country districts where the Roumanians predominate. As a result one deputy has been chosen in recent elections for every four to five thousand electors in Eastern Transylvania, while in the Roumanian parts of that province there is only one deputy for every fifty or sixty thousand.<sup>1</sup>

The exports from Roumania in 1913 to other countries consisted chiefly of petroleum, cattle, and cereals including wheat, barley, and maize. Roumania's imports from the United Kingdom in 1914 were, in value, about two millions sterling, and her exports exceeded slightly three millions.

Portugal has, in conformity with an ancient treaty with the United Kingdom, recently joined the Allies in the defence of civilisation, and is rendering valuable aid in the East African campaign, also by annexing at her ports and harbours the enemy's ships for the use of the carrying trade of commerce. It is stated that, in addition to this, she is sending a contingent of troops to France.

In 1914 her imports from the United Kingdom exceeded two million pounds sterling in value, whilst she sent us of her products to the value of one million pounds, chiefly the excellent vintages of her grapes, and also cereals and other agricultural produce.

The two Balkan States of Servia and Montenegro are so geographically situated that their interchange of goods and commodities with the United Kingdom

<sup>1</sup> We have even greater anomalies than that in the United Kingdom, for we give one representative each to Galway and Newry in Ireland, though both together only number about four thousand electors, whilst we give no more to the Borough of Wandsworth, London, and the County Division of Walthamstow, Essex, each with about forty thousand electors.

has been only limited. They have both suffered much after twice jointly defeating their giant neighbour on the northern side of the Danube, and from the flames of adversity and oppression, let us hope, they will arise before long with enlarged borders, useful outlets to the sea, renewed strength and prosperity, and the assured feeling of not only having a staunch and true friend in Russia, but the loyal and hearty friendship of all the other Allies, who will do what lies in their power to further their interests.

## CHAPTER VI

### NEUTRAL NATIONS

“ Our ancestors have turned a savage wilderness into a glorious empire, and have made the most extensive and the only honourable conquests, not by destroying, but by promoting the wealth, the number, the happiness of the human race.”—*From a speech delivered by Edmund Burke, in the House of Commons, March 22nd, 1775, on Conciliation with America.*

DESPITE the fact that years have rolled by, it is still the lot of the author to call to mind a remark once made to him by an American merchant, which, although humorous (as nothing is more quaint than a sudden contrast of ideas), did not fail at the same time to indicate the American practical turn of mind. It was in midwinter. Standing on the Canadian side of the Falls of Niagara, looking at one of the most magnificent—one might almost say awe-inspiring—sights in the world—that mighty mass of water dashing from the heights above, with a vibrating roar, into a foaming abyss, whilst even the spray, as it separated from the huge volume of water, appeared powerful enough to dash asunder the ice-bound rocks on either side of the Falls—the latter remarked, “ What a big waste of water power ! ” Four years ago, in 1912, when at Toronto, having crossed Lake Ontario

in a steamer from Canada and going by a "railroad" past the fierce and foaming and loudly resounding rapids to the Falls, I then saw that which my friend had spoken of had been accomplished. The Falls had, so to speak, been harnessed, and their immense motive power utilised, so that the electric lighting of many large cities both in Canada and the States was accomplished by their mighty force, and numerous forms of industry in mills and factories were worked by the same means. Despite the beauty of the Victoria Park on the Canadian shore, the huge power station, and especially a number of ugly, grimy-looking works by which the American side was disfigured, somewhat detracted from the grandeur of the scene referred to, though nothing could entirely rob the Falls of their majestic grandeur, and lessen the feeling, akin to awe, with which one viewed them.

In this pushing, go-ahead age, especially in the American Continent, utility is the one thing aimed at, and they may be right in that respect, and it is ill for a British subject to complain, especially in a work in which he is endeavouring to urge his fellow-countrymen to "wake up." Cannot we take a lesson from this practical use of this mighty water power, and, by utilising the vast motive power either by opening or closing the sluice-gates of preferential trade within our mighty and potentially prosperous United Empire, unlock the doors barred to our industries in foreign protectionist States, working unitedly in mutual commercial amity with our Allies, our American cousins, with neutral States, and also, in the course of years, with some, if not all, of our present foes? Is it not worth trying (even if some of us have to give up some

preconceived prejudices) to benefit both ourselves and those who come after us, and to bring into our revenue large sums to aid our taxation ?

To the mind of the statesmen in the great Republic in the West, it has appeared as clear as crystal that a very heavy income tax, or oppressively high death duties, are a discouragement to thrift and economy ; a bar to enterprise, persevering work, and industry ; and simply an incentive to a "let us eat and drink and amuse ourselves, for to-morrow we die " tone of thought amidst all classes of the community. After the great civil war between the Northern and Southern States in America in the last century, they increased their tariffs.

That fierce struggle was won by the North after many reverses, not so much by the marked military genius of their generals—for no leader to compare with Washington was found amongst the armies of the North—as by the resolute patriotism and the thoroughness of the determination to succeed of the Americans themselves. The object of the United States in raising their customs dues was to assist the country in paying the heavy expenses of this war, an end which it has to a large extent accomplished.

The views of Americans in regard to the question of tariffs may be best gathered from the words of the Republican Manifesto in 1906 :

"The true American policy taxes foreign products, and encourages home industries. It puts the burden of revenue on foreign goods. It secures the American market for American producers. It upholds the American standard of wages for the American working-man."

The Democratic manifesto also proclaims that "in the United States, as elsewhere, Protection protects labour."

The value attached to the home market by American economists is indicated by the following quotations :

"A bushel of corn is worth as much in Illinois or Iowa as in the neighbourhood of Paris or of London. The sole reason why it sells for only a fourth or fifth as much is that the farmer is burdened with the cost of sending it to market. Bring the market to him by opening the great coal and ore deposits of Indiana, Illinois, Missouri, and Michigan, and then not only will he be relieved of the necessity for looking to distant markets, but it will be impossible for him to supply them because the price at home will be on a level with that abroad."

Whilst one prefers to refer to modern views, as quoted above, on this subject of Free Trade or Protection, it might also be pointed out that the American school of political economy was founded by Alexander Hamilton, one of the greatest statesmen of the United States of America, who held that "the free-trade doctrine of Adam Smith was only possible in practice if adopted by *all* nations," and that home competition would cause the home-made product to be cheaper than the foreign article in most instances. The American turn of mind is an eminently practical one ; the men of that great commonwealth have no objection, as a rule, to the idea of free trade throughout the world *per se*, if it could be accomplished. What they do object to, and have no use for, is Cobden's free-import trade system, which is, as an

American Senator called it in a conversation at the Capitol in Washington City in 1910, "a very lob-sided, one-horse proposition." It must be remembered that within the United States itself, from north to south, from east to west, free trade exists at the present day. By the American Constitution that will continue permanently, as no duty or tax can be charged by one State in the United States on the goods of another.

Amongst the many problems of importance relating to the British Empire now before the country, that of the Constitutional Federation of the whole Empire, to which previous allusions have been made, must be considered; and the following aspiration, expressed by Mr. Balfour last year, will, one trusts, be realised:

"That in the fullness of time the true and proper climax of this great historical evolution was not separate communities, however great, however free, however scattered in the world, but one United Empire."

Turning again to the great American Republic, it may be well to reflect on the mode by which the Union or Federation of that Union of independent States was accomplished. First, to put briefly and concisely the position of affairs in America prior to the separation of thirteen of the American Colonies from the United Kingdom. At that time each possessed local legislative bodies modelled somewhat on the lines of our Parliament of those days. Until the last stages of the struggle, which led to secession, these

Colonial Assemblies never claimed the right to control their outside or foreign trade relations. The British Government, on their part, undertook to protect the coasts and the ships of America at the cost of the British Treasury. The frontiers of these Colonies were constantly being menaced and attacked by fierce Indian tribesmen, and also by their neighbours, the French. With the latter Power Great Britain waged the Seven Years' War, and accepted the responsibility for its cost, aided by such contributions as the Colonies chose to furnish. These sums were, comparatively speaking, slight, and nearly the whole cost of this war, which ended in our victory, fell on the British taxpayers. The question of paying for it was never an element in the final quarrel between Great Britain and the American local Parliaments. We had, however, to maintain a considerable force in America to protect the Colonies against further attack, and on behalf of the British taxpayer, then heavily burdened, our Government sought to receive some settled contribution from the Colonists more directly interested in the matter themselves.

The Imperial Government applied more than once, in vain, to the Colonial Assemblies for contributions, and then, as the result proved, unwisely, but in a way which they believed to be within their rights, decided to raise the necessary contribution from the Colonists by Act of Parliament, and passed the Stamp Act and a duty on tea to do so. This caused the revolution. During the first Continental Congress in 1774, Gallaway, the loyalist leader, submitted a measure for converting Congress into an American Government under a British Viceroy. This proposal was first accepted



in principle, and then ultimately defeated, as had been a plan to form a Central American Parliament twenty years previously.

After the Declaration of Independence the same difficulty arose of inducing the various States to raise supplies to pay the debts incurred during the war, or to carry on the administration and defence of their territories as a whole. This was found an insuperable task. Grave dangers and difficulties, and even anarchy, were impending. At length the various provinces—or States, as they were called—agreed to transfer certain of their powers to a national Government.

Washington and his compeers drafted this important Constitutional Charter, which was at a Convention brought before, and agreed to by the representatives of the then thirteen American States. With a few important modifications, it is still in force, and is probably the most carefully thought-out and well-devised Constitutional Charter the world has ever known, the more so when one remembers that, at the time they were framing it, it was in many directions an absolutely novel departure.

In this constitutional law both Chambers appear to have equal powers as to money Bills, for by Article 8 it is enacted that—

“the Congress (that is to say, both the Senate and the House of Representatives) shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defence and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States.”

Again, I find that—

“no tax or duty shall be laid on articles exported from any State. And also that no preference shall be given by any regulation of commerce or revenue to the ports of one State over those of another : nor shall vessels bound to, or from, one State be obliged to enter, clear, or pay duties in another.”

Why, when we were giving autonomy to the various States comprised in the British Empire, won as most of them were by our own blood and our own money, we did not adopt a similar provision, it is difficult at the present time to understand. Again, we find in the Constitution of the United States that—

“no State shall, without the consent of Congress, lay any impost, or duties, on imports or exports except what may be absolutely necessary for executing its inspection laws ; and the net produce of all duties and imports, laid by any State on imports or exports, shall be for the use of the Treasury of the United States and all such laws shall be subject to the revision and control of Congress.”

It is also enacted that—

“No State shall, without the consent of Congress, lay any duty upon tonnage, keep troops or ships of war during peace, enter into any agreement or compact with another State, or with a foreign Power, or engage in war, unless actually invaded, or in such imminent danger as will not admit of delay.”

It will be seen from these extracts from the American Constitution how carefully they safeguarded the

freedom of trade within the boundaries of the American Republic.

All the representatives who appended their signatures to this State document bore British names. It was not the custom then, as at present, for foreigners to change their names, so one may take it that at that time, at all events, the white population of America, in those thirteen States, were mainly, if not entirely, of British extraction.

The population of the United States, taken in 1900, was about seventy-six millions. By the last census, in 1910, it had increased to ninety-two millions; of these, two and a half millions were born in Germany, but one is given to understand that no inconsiderable number of them are opposed to the Kaiser's policy.

The United States is not only a great gainer in a purely material sense by the bulwark the Entente is opposing to Prussian militarism and aggression in this great war, but her statesmen must be aware that the *Entente* Alliance is fighting the battles of civilisation, in which good work the States may soon rally by their side; for were it possible for Prussia, aided by her Allies, to assert her supremacy over the Entente Powers and defeat them, it would only be a matter of time before America would have to fight herself to defend her own just rights and also those of the Latin South American States, and against their absorption in the Kaiser's Dominion.

It should be borne in mind that the United States owed, in 1915, about fifteen hundred millions; of that amount we were the largest creditor nation, the amount owed to us being eight hundred millions sterling. That large debt has probably before now

been swept away, if, in fact, we are not now largely a debtor nation to the United States.

As Sir John Spear, M.P., said in his place in a debate in the House of Commons, in 1916 :

“ In this very expensive war it has been very embarrassing that we have had to send as much gold to America to purchase things which, with equality of competition and sufficient encouragement for security against dumping bounties or hostile tariffs, we might very well and easily have produced at home.”

American industry has always been conducted on thoroughly efficient and up-to-date lines, and the increased banking facilities which will be afforded to her industries by the Federal Reserve Act of 1914 will tend to give their manufacturers increased opportunities to increase further their output of products and manufactures for the international trade of the world, as well as for their home consumption. The American can afford to look more at home for his markets than the Englishman ; it is one of the greatest advantages which a young and immense country like America can possess that no congestion in her labour market can last long. The inhabitants, too, can change their district or their employment with greater facility than is possible in an old and more settled country. Thus one sees that in a few years millions of the inhabitants of the United States change from one part of the Union to the other, and open out immense regions for the growth of corn or cotton as opportunity requires ; or migrate from the country districts to the great centres of industry and manufacture, if, as at present, there is any increased world-

wide demand for those products ; and they can do so with greater facility and with less feeling of being transplanted than is the case with the inhabitants of these Isles who emigrate to a distant Dominion across the seas.

The increase of the railway system in the United States has been very great in recent years, and in 1904 the mileage exceeded two hundred and forty-seven thousand miles. The permanent way on their lines is not, as a rule, as smoothly laid as in this country ; and though their railway carriages are comfortable and many trains are provided with " Observation Cars " from which one can view the country with ease as one travels through it, the trains are frequently overheated.

The exchange of trade in normal times with the principal countries of the world is immense ; in 1913 their exports to the United Kingdom were in value nearly six hundred million dollars, and in 1914 about the same ; whilst they imported from us in both those years goods to the value of about three hundred million dollars, or about half the amount in value purchased from them. Their trade to and from Germany was the next in importance in those two years, though considerably less than with this country. In 1913 more than fourteen and a half million running bales of cotton were produced in America in over twenty-four million acres of land.

The dues charged on imports to the United States are as a rule high ; on the greater number of linen and hempen goods it is ten to sixty per cent. *ad valorem* duty ; on articles made partly of lace the higher duty is charged. On silk it is from fifty to sixty per cent., whilst on cloth, velvet, stockings, blankets, clothing,

laces, and carpets, varying duties are charged ranging from **twenty** to **fifty** per cent. Again, on metals, cutlery (once almost a monopoly of English manufacture in the United States), machinery, brass and leather goods, and also on those composed of zinc, earthenware, porcelain, glass, paper, also stationery and books, heavy duties are charged. Cotton goods are admitted at a lower rate, in no cases exceeding **twenty-five** per cent. *ad valorem*.

Despite these duties our manufactured products still find a considerable entrance into their markets. Taking a particular district as an instance, for example, I see by one of the most recent consular reports from Boston that British boots and shoes, though not an important branch of our export trade to America, were becoming more popular in that district. On the other hand, a very large and important branch of their commerce is the American export of leather to Great Britain and Europe generally.

The following is an interesting extract from the Boston District consular report to which reference has been made, as showing the rather polyglot class of individuals engaged there in industry :

“ The Commonwealth of Massachusetts empowered a Commission to examine the conditions of immigration into this State. The investigation carried out by the Commission was brought to a conclusion in the earlier part of the past year, and much information of value was accumulated.

“ It was found that the percentage of persons coming from the United Kingdom engaged in manufacturing and mechanical industries in Massachusetts decreased from 19·3 per cent. in 1890 to 11·5 per cent. in 1913,

that of persons of Irish birth so engaged decreased in the same period from 29·8 to 12·7 per cent., that of British Canadians decreased in the period considered from 16 to 3·3 per cent., while that of French Canadians fell from 20·6 to 16·7 per cent.

“On the other hand, Poles, who do not figure at all in the percentage estimates for 1890, made up in 1913 13·7 per cent. of the persons engaged in industries in Massachusetts. Portuguese, Greeks, Lithuanians, Jews, Armenians, and Syrians all appear in the percentage estimates relating to persons employed in industries in Massachusetts in 1913, though none of these races are mentioned in the estimate for 1890.

“Of 1,217 factories which reported to the Commission on the subject of the number of Southern and Eastern Europeans in their employ, 513 reported an increase in the number of such employés.”

This report also mentions that the rate of wages had recently become higher in that part of America, that the hours of labour were less per day, and that war orders played an appreciable part in keeping labour employed. One fact in this report it was satisfactory to notice : that a local textile manufacturer of Boston admitted that the British manufacturer excelled him in point of style and finish of the cloth ; and that he also showed “greater originality and variety in design ” is another advantage resting with the British manufacturer. It is gratifying to find in this instance that our home exporter has thoroughly studied the market, and that his goods are said to give little cause for complaint on the ground of unsuitability to local trade conditions. As this complaint has sometimes been alleged against British merchandise, the above facts are worthy of note.

Another fact should be of interest, and that is the return of the shipping of all nationalities which entered and cleared in the foreign trade of the Port of Boston during 1914. Of the former 2,002,648 was the net tonnage of British ships which entered out of a total of 2,909,193 tons in all, and of the latter 2,069,708 was the tonnage of British ships out of a total which cleared 2,524,619.

In another consular report for 1914, from the Consular District of Savannah by Colonel Brookfield, His Majesty's Consul in that area, and for many years member for the Rye Division of Sussex in the House of Commons, the statement was made that there was a decrease in that year both of shipping and trade at Charleston in consequence of the Great War.

When the writer visited Charleston on his way to Palm Beach, Cuba, and South America in 1911, he found it a place of interest, and an important maritime centre for the exportation of cotton and other goods to Europe, and for coastwise trade. Part of that city is like a bit of old England, as one imagines it was at the beginning of the nineteenth century, dumped down in busy America of to-day. The people you meet speak in that soft southern accent so pleasant to the ear, and are most hospitable to visitors; the latter characteristic is, however, almost universal in America. On the sea-front at Charleston there are a number of villas which remind one of those on the Riviera, and a short distance from it are the beautiful public gardens with semi-tropical flowers of all descriptions growing in them.

From America some splendid lines of steamers run to South America, and in future the Americans will, as at present, spare no effort to gain even a larger share



of the important trade of those Latin countries. They published a few years ago an American Trade Directory in the Portuguese language in Brazil, and a Spanish one for the Argentine. Why do we not adopt a similar course ?

Except during times of war, the charges for freight to and from America have been greatly reduced in recent years, so that the Englishman, in this country, making goods competing with those exported from the United States has not the compensation in his favour of his foreign competitor having to pay a heavy freight, whilst on the other hand the taxes are heavier here than in America. Why should our manufacturer be handicapped by heavy duties in America on sending goods there whilst they have a free and open market here ?

Regarding cotton and other raw produce for manufacture, various questions arise, and we must regard them from a different point of view.

It should be our endeavour to send full cargo ships to the States as well as receiving well-laden ships from America in our ports. Freights would naturally be reduced if shipowners found they could load their ships with produce on going to the United States as well as on the return voyage. Freight is an element of cost in regard to all imports and exports, therefore by its reduction the consumer in either country is a gainer.

We Britons do not look at the Great Republic in the West, the inhabitants of which country are mainly sprung from the same race as ourselves, simply as possible competitors in industry and commerce, nor do we envy their prosperity. But we hope that we, as the people of another great nation, may also prosper.

Our aims are the same, and seek to secure the freedom of humanity from wrong, tyranny, and oppression.

The importance of our relations with all the neutral nations in the north of Europe is **great**; many of whom have had, unfortunately, to bear gross indignities and to suffer maritime losses by the unjustifiable and piratical action of the enemy's submarines—though some of them may have been gainers more than losers during the course of this titanic struggle. It is proposed by the writer to confine his remarks here to a brief reference to some of the aspects of the problems already alluded to in these pages in relation to the countries of Spain, China, and certain of the larger South American States.

English men and women must feel grateful to the people of that free and beautiful country Switzerland, for the kindness and benevolent action to some of our wounded prisoners of war who have been allowed to go there and find a haven of rest and happiness after having endured the rigours and harshness (to use no stronger words) to which the Prussian military authorities treat those whom they capture, in consequence of which some of these British prisoners of war have, to the writer's official knowledge, lost their reason.

One question will have to be settled by all the civilised nations of the world when this war ends, neutral as well as those which are at present the belligerent Powers, and that is the use of undersea vessels and of mines in time of war. Both neutrals and belligerents have suffered from this mode of warfare, and from the way in which the Central States, especially the German Navy, have abused the power these undersea vessels have given them in attacking and sinking, often with-

out warning, hospital ships, ocean liners, mercantile vessels, and even fishing boats with their crews peacefully plying their industry.

Whether the Neutral Powers have a large sea-board like America, China, Spain, The Argentine, and Brazil, or a smaller one like Holland, Denmark, Sweden and Norway, they are interested in this question of the use of the sea and the prevention of the abuse of their hospitality and the misuse of their ports and harbours by submarines. The United States and Spain have protested to the Central States regarding the murder of their citizens by German submarines, the former by various "notes" making demands which were not complied with. America showed by her repeated protests and warnings that she wished, if possible, to avoid war, and yet would not allow Germany to murder her subjects and terrorise civilians on the high seas.<sup>1</sup>

The policing of the seas by Great Britain and her Allies has partially checked this cruel form of "frightfulness," and by various means at least a hundred of these pests of the ocean have been destroyed; in fact, we have sunk or captured them faster than they could be built, though there are still many afloat calling at, hovering near, and using American and other neutral ports as a base for their depredations on trading vessels and the ships of the very nations whose hospitality and shelter they have enjoyed. Moreover the German mercantile marine dare not come out to sea, so reprisal is impossible, even if the Entente Powers would deign to adopt such barbarous tactics.

Assuming that this war were ended, as it will be in due course, and that two small maritime Powers were

<sup>1</sup> See Appendix III.

at war, it is impossible to imagine that all the other Powers of the world would allow them to use their submarines and mines, as they are now being used by Germany, to harm all the neutral or belligerent mercantile vessels of the world as they deemed fit, and to sink and destroy some of them. If they did, the danger to peaceful citizens at sea, the element which comprises the greatest part of the world's surface, would be even greater than it is now, as our fleet would not be mobilised, nor that of France, Russia, or Italy, to police the seas and do their utmost to put a stop to this worse than useless mode of warfare—in reality merely a mode of displaying “frightfulness” and hatred. The writer maintains that a merchant vessel of any Power should have, and has, the same rights at sea as it had during the Napoleonic wars. That right by international law should, in the interests of humanity and civilisation, be strictly maintained and adhered to, and a mode should be devised by which its infringement by a belligerent Power be promptly and severely punished.

What is one to call Greece, a neutral or a non-neutral Power? That country's cruel desertion of Serbia at a critical time, and its tame surrender of the Greek Port of Kavalla and the military stores contained therein, together with a division of the Greek army, will certainly not read well in history, nor is it approved of by the patriotic Greeks in that kingdom. There were other grave questions between the Entente Powers and the King which it is not in the province of this work to enter. May one hope they will soon be settled.

Turning to the South of Europe, to Spain, one of the most fertile of European countries, with its vast and varied mineral resources of iron, copper, lead, and other

minerals, its agricultural wealth in vineyards, orange groves, olives, lemons, almonds, pomegranates and dates, and abundant cereals, besides hemp and flax of the best quality, its trade with this country is a steady though not a large one. For many years France and Great Britain were the chief nations with which Spain had trading transactions, now there are other competitors. She derives a good deal of her revenue from her import tariffs, which are high, and spares no effort to protect her manufacturing industries.

In 1914 we exported to Spain goods to the value of over six million three hundred thousand pounds, mainly coal and coke, machinery, metals of all sorts, ships, chemicals, manure, cottons, and linen, and received in return, to the value of over fourteen million one hundred thousand pounds, her minerals, copper manufactures, fruit, and wines, the last named being only eighth in value of the exports from Spain to the United Kingdom during that year. For the last few years Spain has been pursuing the even tenor of her way, and has, aided by her French and English friends, settled her difficulties in regard to Morocco—whether a certain Government of the “mailed fist” order liked that settlement or not.

We have a duty on wine entering this country, as we are all aware, and it is important to note that during the latter part of last century we settled a dispute with Spain quite easily and satisfactorily in consequence of the fact that we had that import duty to bargain with, and were not without powers, if need be, of retaliation. The Spaniards had put prohibitory duties on our imports to Spain, and to obtain their removal we conceded certain reductions on our customs dues on their wine

sent into this country—*voilà tout* ; and even the late Professor Fawcett, an ardent Free Trader of his day, and at one time Postmaster-General, said in regard to this particular settlement of this dispute, and said truly : “ A protectionist country is obviously in a much better position to negotiate a commercial treaty than one that has adopted a Free Trade policy.”

Presuming, therefore, that our export trade to Spain had been ten times what it was and was relatively of great importance to a large district in this country, and that we had had no duty on wine, and therefore no other lever to act on their self-interest, by what means, may one ask, could we have induced them to relax their *preventive* import dues on our commerce ?

English capital and enterprise have been opening out the immense mineral wealth of Spain in the mines around Bilbao, and the mineral resources of that country have been in a measure opened out, largely by foreign capital, though great undeveloped resources in that respect still remain untouched.

The Rio Tinto Copper Mining Company in Spain is one of the largest producers of copper in the world. Regarding that mine one recalls an amusing story. A City of London operator in stocks, or—not to put too fine a point upon it—a speculator, had made a large fortune in his dealings in Rio Tinto shares. A friend of his who knew this said to him one day in the City :

“ Well, how is your copper mine getting along ? ”

“ Copper mine ? ” said the successful man. “ I have nothing to do with copper.”

“ Well,” said his friend, “ I thought you were interested in Rio Tinto Copper Mine shares ? ” To which he replied :

“ Oh yes, of course I am ; I never knew it was a copper mine ! ”

Regarding the means of communication, the railways already constructed in Spain in 1912 were of a 9,161 mileage, and the vessels entered and cleared that year at Spanish ports exceeded forty-one thousand tons burden. The interests, both on land and sea, of the British Empire and the Kingdom of Spain are the same, and are for peace and progressive prosperity.

China is a storehouse of men and means ; its outer door has scarcely yet been opened. The greater part of its vast area, of over four million two hundred thousand square miles, with a population in China proper, and not including Manchuria, Mongolia, Tibet, and Eastern Turkestan, of four hundred and twenty-one million inhabitants, has practically remained to the rest of the world a sealed book and a closed market.

Should the Chinese authorities decide to relax their barriers, it would be difficult to estimate the important changes that might ensue and the increased commercial transactions betwixt China and the rest of the world. In 1915 some steps had been taken to commence in reality opening out China by means of railways, and, inclusive of the Manchurian lines, six thousand five hundred miles of railway had been opened, and two thousand five hundred more were either projected or in course of construction.

A few years ago, all over that country the mode of travelling was to our ideas primitive ; horses were few, and those the people had they used for riding. The country was almost roadless, the means of communication by land being narrow, badly paved tracks not suitable for horse-drawn vehicles. Where they had

not the rivers, and the canals widely dispersed throughout the country, one mode of locomotion was by means of wheelbarrows drawn by men, nor was it an uncommon sight to see a Chinese farmer and his wife going to market sitting in one.

There are now excellent roads in many parts of the country, especially in and near the treaty ports, and the modern motor-car has found its way to what used to be called the Celestial Kingdom.

That brings one to the fact that China is no longer a Monarchical Empire, as it appears to have been for countless centuries, but a Republic.

In 1911 a revolution broke out, and within a few months the Manchu Dynasty abdicated, and was replaced by Yuan Shi Kai, who became President of the Chinese Republic. In 1913 the Southern party in China engineered another rebellion, which was, however, suppressed, and great efforts have been made by the President to consolidate his rule and give more real power to the Central Administration of the country. That is a thing much needed, as the old system of affairs amounted to this, that each local government in China became a completely separate entity without any real loyalty, or obligation, to the Central Government, except the payment of certain taxes, and consequently China was a country loosely knit together, and simply, to a great extent, a geographical expression.

It seems strange that China, whose people are, in reality, the most conservative on the earth's surface, should adopt a republican form of government, and there is no knowing whether it will not, at some future date, resume its monarchical system in some shape or other.

In regard to the dislike of the Chinese for change, it



may be interesting to refer to one of the first attempts, made about thirty years ago, to lay a short line of railway near Shanghai.

It appears that certain British merchants in Shanghai obtained permission from the Government to make a road. They accordingly first decided to lay a tramway, and then, bolder counsels prevailing, a railway, which, whilst it continued, was not an unprofitable concern. The Governor of Nanking, Shun-pao-Shen, made them a very fair offer for the purchase of this line, and having bought it, had it, to many people's astonishment, taken up and removed to Formosa, where the Chinese authorities considered that it would not assist in regenerating the country—where, in fact, it would be out of harm's way.

The Governmental arguments against railways were said to be these: "Let the foreigners once make railways, and they will break down all the institutions of this country, destroy our influence, and, possibly, lead to the loss of our independence as a nation. We have not the money to make them ourselves, and should the foreigner do so he will drain the resources of our country in the interest we shall have to pay him for their construction." They did not see then, as they apparently realise now, to a certain extent, that it would tend to increase their wealth tenfold by opening out their country.

The same idea was prevalent in the early days of railways in this country, in many localities—namely, that the railways would not be a benefit but an injury to the district—and many considerable English towns used all the influence they could bring to bear at the time to prevent the main lines of railway being taken

through their boundaries. In some instances they succeeded, much to the regret of the present-day inhabitants, as they are only on branch lines with two or three trains a day, and are, in some cases, left in a sort of backwater whilst other places near them, on the main line, have increased in size and importance.

How different are the Chinese customs in many respects from our own ! White instead of black is the colour used for mourning. The prow of a ship is considered the place of honour, instead of the stern ; and in the latter respect we have, to some extent, recently copied them, as the writer found when crossing the Atlantic on that splendid ship—now, alas ! at the bottom of the sea—the *Lusitania*, where the best cabins were forward, most probably in order to get more air and to be farther away from the excessive vibration of the screw when the vessel was going at full speed. Their mode of writing is from right to left, and when warm they fan themselves behind, not, as we do, in front.

They differ from us more materially in respect to the way in which they esteem agriculture, and they would consider our treatment and neglect of that important industry incomprehensible. In China the farmer's year is solemnly inaugurated, and spring is ushered in by a festival. No farmer is supposed to begin to plough till such ceremonies have been performed. These rites, under the old régime, used to be attended by the governors and administrators of the various provinces, and also by the Emperor himself in person at his capital in Peking, and they may be carried out still by the present authorities, though of that the writer is not certain.

Care is taken that the land shall not be allowed to lie fallow. With the view of superintending farmers and

agricultural labourers in their operations, an agricultural board is established in almost every village throughout the Empire. This board is presided over by three or four aged agriculturists, upon each of whom the eighth degree of rank is conferred. It insists upon each farmer cultivating his lands to the fullest extent, and sowing and reaping in due season. A farmer who is negligent in these respects is taken, at the suggestion of the board, into the presence of the magistrate to receive a flogging. The number of stripes is in proportion to the quantity of land which he has left uncultivated. Nor is the law confined to renters. There is a decree which enjoins all landed proprietors to see that their estates are kept in high cultivation; and the penalty inflicted for a breach of this law is an entire confiscation of the neglected property to the State. Farming in Great Britain and China involves very different outlays.

In Great Britain it is impossible for a man without capital to enter upon a farm. In many of the provinces of China, however, the reverse is the case, as a Chinese farm—I speak more particularly of the south of China—is without stock. The Government authorities frequently receive petitions from poor farmers asking to be appointed tenants of the public lands, as the Government sometimes appoints men who are acquainted with husbandry to farm its estates. Like their masters, the agricultural labourers are very industrious. As in some parts of England, especially at present, women are employed as well as men. Notwithstanding all this care, there is at times, owing to either floods or drought, great scarcity of food in China and consequent famine.

Regarding punishments, when last in China the writer went to see a Chinese prison at Canton, and found the condition of the prisoners such that they were greatly to be pitied. They lived in cells ; the place was filthy ; they appeared to be without proper clothes or food. The prison system, it is to be hoped, has now been reformed. One man was hung up to the ceiling by cords tied to his fingers and toes, and he was almost insensible with pain ; another was being bastinadoed for some offence or other, and on a remark being made to a Chinese friend to the effect that the rod was being lightly applied by the jail official, he smilingly replied, in his broken English, "That prisoner man plenty of money has got"! Another man was being tried by an official corresponding apparently to our police magistrate, who interrogated him. The prisoner was kneeling in front of the magistrate with his back bare, his hands and legs trussed like a fowl, with wooden bars thrust between them securely tied with rope. If in answer to the question this unfortunate man made a reply which the magistrate did not approve of, that official gave a sign, and a jailer applied with great vigour a bamboo rod to the prisoner's back, which caused it to bleed and lacerated it with wounds. The prisoners begged for money, which the visitors were allowed to give them, and one hopes that they were able to purchase some extra food with it. All this was very different from the clean and well-ordered prison to be found in British territory at Hong-Kong.

They have a system of competitive examinations in China, and immense examination halls are dotted all over the country ; each student has a small compartment in which he lives during the examination, which

lasts for days. In theory a Chinaman can rise to any position, however high, in the State, if he is successful enough in these educational contests, but whether influence there, as elsewhere, has something to say in the matter or not one cannot state.

The men who go up for examination are locally examined and belong to the same district in the primary tests. That is needful, for though Chinese is written the same all over that Republic, it is so differently spoken and pronounced in various parts of the country as to constitute almost another language, and not merely a different dialect. The common people, for instance, of North China cannot understand the Cantonese from the South, and *vice versa*. It is said that two compradors, or cashiers, one from Tientsin and the other from Canton, both of whom understood and spoke "pidgin" or Chinese English, had to converse with one another in that queer parody of our language or write down what they wished to say!

As the reader will be aware, the advance of the Chinese in progress, and their Governmental and other institutions, have everything to do with the immense possibilities which will ensue with the opening out of that immense country to foreign trade and commerce, and for that reason certain aspects of these questions have been here dealt with.

Turning now to the more prosaic question of trade. In 1914 the Chinese Merchants Steam Navigation Company possessed a fleet of thirty-one vessels of sixty thousand tons burden. The same year the total tonnage of vessels entered and cleared at the treaty ports in China exceeded ninety-six million tons, or an increase of nearly three million tons burden over the previous

year. Telegraphs are being constructed all over China, and Peking is already in direct telegraphic communication with Europe.

Our exports to China of the produce and manufacture of the United Kingdom were to the value of nearly seventeen million pounds sterling in the same year, and mainly consisted of cottons, iron manufactures, and tobacco ; whilst our imports from that country were to the value of five million three hundred thousand pounds, and were chiefly tea, raw silk, and, curiously enough, peas and beans.

In "Whitaker's" the following small though important analysis is to be found of how the foreign trade of China was shared by the nations of the world in 1914 :

BRITISH			FOREIGN		
		per cent.			per cent.
Great Britain . . .	.	12	Japan . . . . .	.	20
Hong-Kong . . . .	.	28	U.S.A. . . . .	.	9
India . . . . .	.	4	Europe (exc. Russia)	.	11
Other Dominions . .	.	2	Russia . . . . .	.	6
			Other countries . .	.	8
Total . . . . .	.	<u>46</u>	Total . . . . .	.	<u>54</u>

That is satisfactory enough as far as the figures go. If the British Empire could always retain forty-six per cent. of the foreign trade of China we should do well enough. It should, however, be borne in mind that the flourishing British Colony of Hong-Kong transacts a large transit trade, and that some part, though probably only a small portion, of the goods sent through Hong-Kong to China, comes from outside Great Britain or the British Dominions.

In China the foreign residents were numerically (omitting the figures under a thousand): British, nine

thousand ; Japanese, eighty-five thousand ; Russian, fifty-six thousand ; German, three thousand ; and French, two thousand.

In China, lands are all freehold, and are held by families under the Government on payment of a certain annual tax. These taxes are collected and paid to the National Exchequer by the district rulers, who give a receipt to the landowner ; should the crop be destroyed by inundation or the ravages of insects, however, the land tax is according to law not to be exacted, and the mandarins are punished should they, under such circumstances, enforce payment. When the farmers have been deprived of their crops by inundation, the representatives of the Provincial Government are authorised to advance money to them to purchase seeds, on the condition of repayment at an expiration of ten years. The Chinese would appear to have in those respects a great sense of equity.

Tea was used in China as a beverage for hundreds of years before it was introduced into any other country. In Russia and America China tea still maintains its popularity, though in this country not such a large quantity of it is consumed as was once the case. Silk, as we know it to-day, also owes its origin to the Chinese ; for several centuries after the introduction of silk as an article of sale into Greece or Italy it was regarded by some Europeans as a species of down gathered from the leaves of trees, and by others as a very delicate fibre of wool or cotton. An immense amount of that valuable texture from China finds its way into all the markets of the world.

Pottery, or porcelain as we now call it, was for years always known in this country as “ china,” because it

was in that country that it was first discovered how to mix the clays and retain and fix the colours.

A description of book printing is said to have been executed in China hundreds of years before the printing press was invented in Europe.

In the painting of porcelain in China, there is, it appears, a division of labour. One artist draws the designs, another paints landscapes, a third rivers, a fourth trees, a fifth butterflies, a sixth birds, and a seventh human figures and buildings.

Porcelain, and even pottery, from China is now not in general use here, and one seldom sees the famous Willow pattern, or more expensive, ornate, and beautifully executed specimens of porcelain, except in ladies' drawing-rooms and museums. It is considered too expensive for general use. The Celestial Kingdom has for hundreds—I might almost say thousands—of years been famous for its bronzes, many of them being of beautiful workmanship and elegant design.

Amongst the mercantile classes in China a high sense of honour exists; they nearly all belong to societies or guilds which are willing to go sureties for them in many of their large mercantile undertakings. They are seldom known to go from their word in business transactions, though, of course, there are exceptions—where are there not? A Chinese merchant cannot afford to “lose face,” as it is called, and so his word is as good as his bond.

Unlike China, in respect to its teeming millions of population, the South American Republics have this in common with that country, a prospect of being, at some future date, among the richest and most prosperous States in the world, when properly opened out and



developed. As yet their vast areas are sparsely inhabited, and except in some parts of the Argentine, Chili, Brazil, and in the vicinity of the cities and larger centres of industry, they are practically untouched by the hand of man.

Brazil, for instance, is nearly equal in size to the whole of Europe, and has amongst its rivers the Amazon, probably the largest in the world, while the country is intersected by several large and important chains of mountains.

The climate has been described in the following words—and, except in certain valleys and in the swampy land near some of its rivers, this description, in reference to Brazil generally, from the writer's personal experience of the neighbouring State of Colombia, is a fairly accurate one: "Winter in this country resembles summer in the North of Europe; summer appears one continuous spring, whilst spring and autumn are unconsciously lost in winter and summer." Being not far from the equator, it is, however, in the torrid zone, and that description would apply more especially to the higher elevations of the country.

All over Brazil, however, one finds great and varied natural resources, and probably the forests are unsurpassed for the variety of the useful and ornamental woods they contain. In addition to this there are many iron mines, although as yet not nearly enough iron is produced to supply the wants of the country, and it must also be added that the diamond mines of Brazil were at one time of very considerable value. The lustre of these diamonds has made them very highly esteemed, and they have a water of great purity. They

are at present rather rare, and not many are found as in the days when Portugal ruled over that country.

Cattle-raising is an important industry, the number reared being computed at eighteen millions. Cotton is grown on a fairly considerable scale, and we imported, in 1914, over one million seven hundred thousand pounds' worth of their raw cotton to the United Kingdom.

The chief product which we purchased from Brazil in that year was rubber to the value of three million four hundred thousand pounds. This useful article of commerce comes from the more northern provinces, is shipped from Pará and Manaos, and is usually known by the former name. It is mostly collected from the indigenous wild rubber trees of Brazil, though a certain proportion of plantation rubber trees are grown. It is famous for its extraordinary durability and flexible qualities, and is, therefore, used extensively for machinery and the tyres of all descriptions of locomotives, motor-cars, and carriages, for which purpose the softer rubbers from other parts of the world outside South America are not, as a rule, so well adapted.

Rubber gatherers go into the huge forests on the side of the hills and valleys near the Amazon and collect this rubber. They are, as a rule, a hardy race of men of mixed breed, or pure Indians, and used to the rough and adventurous life which their calling obliges them to lead. Some of the mountains where this rubber is collected border the neighbouring State of Colombia, in which, also, no inconsiderable quantity of rubber is found ; so the rubber-gatherers sometimes take their wares to Colombia and sell them to the merchants there for export to Europe or America. The Amazon is the

great highway of Brazil and it carries an excellent service of steamers.

Coffee and cocoa are also grown largely in the North of Brazil, and of the former we purchased to the value of nearly one million pounds sterling in 1914. The latter is used greatly in the country itself, as well as for export.

Our exports to Brazil consist of nearly every description of manufactured goods which we make, as well as coal and coke ; of the former, cotton and iron goods were the chief articles we sent them in 1913.

Although, no doubt, there are a vast number of industrial establishments in Brazil, and there were a few years ago no less than one hundred and sixty-one cotton mills, still the possibilities of English manufactured goods being more extensively used in Brazil are great—despite the fact that their tariff is a high one and has been in recent years increased—provided our merchants and manufacturers study the requirements of the people.

The country lacks a sufficiently large population, considering its size, to develop its resources, the number of inhabitants being estimated to be about twenty-one and a half million, and moreover the population, besides being composed of several races, is not by any means of the most industrious character. The planters, mostly of Portuguese extraction, form a sort of nobility. There are, besides, mulattoes, the offspring of Europeans and negroes, also large numbers of negroes and Creoles, in addition to a native Indian population of about one million. The aborigines are of a bright yellow-copper colour, short, robust, and well made. They are in an extremely low state of civilisation, their sole occupa-

tions being, in most instances, rubber gathering, fishing, hunting, and the culture of manioc and bananas.

There are numerous and constant lines of steamers running from this country, the United States, and France, to Brazil, and before the war others ran from Germany. No effort is being spared by the competing great commercial nations of the world, moreover, to develop further their trading relations with that, at present, very partially developed country.

The Argentine, another great South American State, nearly six times as large as the United Kingdom, has a population of under eight million people. Despite this paucity of population in proportion to its area, this country has not by any means remained stationary in the last forty years, far from it. In 1878 we purchased from it goods to the value of about £1,000,000; in 1914 that had increased to over £37,200,000 in value, of which fifteen millions were imports of beef and mutton, and thirteen millions corn and other cereals.

These are startling figures, and show a great increase of prosperity in the Argentine. In 1914 they had a stock of no less than twenty-nine million cattle, eighty million sheep, and nine and a half million horses, besides mules.

The figures of our exports as compared with 1878, are almost as indicative of advancement; in that year we sold them goods to the value of about £2,300,000, whilst in 1914, although this great war had commenced in August, our exports to the Argentine were of the value of £14,600,000, or more than six times greater.

Who can say, if that country progresses as it should, what its condition will be in a generation, or in forty years' time? There will, no doubt, be a great increase,

always provided we show the same concerted energy as many other nations in encouraging their trade and commerce.

The increase of the railway system in the Argentine in the last thirty-eight years has been from a mileage of 1,409 to that of 21,800, and many lines are being made or are projected. One of these goes right across the Continent of South America, starting from the attractive "Paris of South America," as it is called—Buenos Ayres ; a wealthy, large, gay and exceedingly expensive city of palatial buildings, affording its wealthy inhabitants every luxury man can desire or art and skill can contrive. It is said that in no part of the southern portion of America does an Englishman find himself more at home, or stand a better chance of getting on, than in Chili. The independence of that country was nobly striven for by Lord Cochrane, and his deeds still live in the memories of the inhabitants ; hence the prestige which clings to the English name in that region.

The natural features of this country have, in some measure, been of great advantage, as they have rendered almost impossible the constant revolutions and "pronunciamentos" to which the other States in South America have been subjected. Chili extends in a long narrow strip along the western shores of South America, and in no part does the breadth of this State much exceed one hundred and twenty miles, whilst on the east it is bounded by the great Cordillera of the Andes. Whether it is owing to the fact that its Government has been able by means of the sea to communicate with every part of the country, or to other reasons, it has certainly kept singularly free from internal strife.

In Southern Chili the great mountain range above-

named rises to a mean elevation above the sea of about thirteen thousand feet, although many peaks are of a greater height. Several of them are volcanic, and shocks are felt in the country almost daily. These, of course, are usually very slight, but there have been earthquakes of such violence in Chili that their recollection will not yet have faded from the minds of the people. In the whole Cordillera of the Andes, extending from Mexico through the greater part of South America, these seismic disturbances of the earth's surface occur from time to time.

This country is particularly rich in minerals, the principal of which is copper. Her chief commodity of export is nitrate of soda, of which she sent to this country, in 1914, quantities of the value of over one million six hundred thousand pounds. Grain, tin, copper, and chemicals are also imported here from Chili in large quantities, whilst she purchases coal, textiles, and manufactured iron from our merchants, and even before the opening of the Panama Canal, in 1912, was served by six lines of steamers between Panama and the Magellan Straits and other parts of the world.

The demand for the corn and grain of Chili does not appear large in comparison with what we obtain from the Argentine, for instance, still it is considerable. Regarding that, it is interesting to note the following from *The Trade of the World*, which has been previously referred to—and one hopes that, in this respect, history will repeat itself when this great war ends, as the wastage of war and loss in many ways, such as the breeding stock of cattle, railways, ships and buildings destroyed, and in other directions, must be twenty times greater than it was in 1871 :

“The demand for Chilian cereals in the markets of Europe is not so great as it was just after the Franco-Prussian War, at which time large fortunes were made by the planters of that State.”

The capital, Santiago, contains a population of over three hundred and fifty thousand people, and appears to attract the larger proportion of the wealthier inhabitants as residents. There the rich planters settle, leaving their stewards to look after their estates in the country, and many of them become, in fact, non-resident landlords.

It is said that a first visit to the city of Santiago cannot but be a matter of agreeable surprise to an intelligent European, but after a more lengthened stay the ambitious growth and luxury of the town will probably seem to him out of due proportion to the power and resources of the country of which it is the capital. One is, indeed, scarcely prepared to find ninety miles inland at the foot of the Andes a city with so many inhabitants, with such handsome public buildings, stately dwelling-houses, and exceptionally fine promenades. What, perhaps, strikes the stranger most, next to the marvellously beautiful situation of the town, is the atmosphere of aristocratic ease and exclusiveness pervading it. It is also a place of ugly contrasts, for the hovels of the poor are contiguous to the mansions of the rich, and not, as in some other cities, a certain distance away from them.

Another Republic in South America whose natural resources are great, but as yet very little developed, is the Republic of Colombia, which has an estimated area of 461,000 square miles and a population of about

five and a half million people. It may be described as an irregular area occupying the extreme north-west corner of the South American Continent, bounded on the north-west by the new Republic of Panama, on the west by the Pacific, on the north by Ecuador and Peru, on the east by Brazil and Venezuela, and on the north by the Caribbean Sea.

The Republic of Panama was a few years ago one of the States of Colombia itself. The United States, wishing to complete the Panama Canal, which was begun by the French, offered the Government of Colombia a payment in cash for the right to make a canal through the Isthmus of Panama. As far as one could make out, the offer was a liberal one, and the Government of Colombia appeared willing to accept it, but it had to be also agreed to by their legislative body, who, like other bodies of a similar kind nearer home, had reduced procrastination from an art into a positive science. At length both the local inhabitants of the then State of Panama, who wished a canal cut through the isthmus, and the United States authorities, got weary; the former revolted from Colombia and formed themselves into a separate Republic, coming quickly to terms with the Americans, who have since completed the Canal. They constructed it in a most methodical and thorough manner, and by their careful sanitary precautions the loss of life was comparatively small among the workers on that gigantic and wonderful piece of engineering with its enormous cuttings and Brobdingnagian locks, which it has been the writer's lot to see twice during its construction. Naturally the Colombians are rather sore about losing this State, or were as late as 1911.



Colombia's mineral resources are very varied and extensive throughout its confines, and include emeralds, gold, silver, platinum, copper, lead, iron, and coal. It possesses the most magnificent forests with abundance of splendid timber growing in them, including mahogany, cedar, dye woods, rubber, and a variety of hard woods suitable for cabinet-work, road paving, sleepers for railways and building purposes. It is watered by splendid rivers, including the Magdalena, Cauca, etc., the former running north and south through the country from the coast towards the capital, Bogota, which is situated on a plateau nine thousand feet above sea-level, so that on leaving the steamer one has to travel up by a mountain railway to the capital—a mode of travelling which has superseded the old method of going there by mule over badly paved and almost impassable roads.

Nearly every tropical and semi-tropical plant and vegetable grows luxuriantly in the rich soil of this country, as well as cereals, and it is an excellent place for rearing cattle and horses. The chief trade in Colombia prior to this war was done by German firms, and the British Consul at the chief port of Barranquilla was a German ! The trade with Great Britain was about one million pounds sterling in value in imports from Colombia and the same amount in exports to it. Their import tariff is not so high as in many South American countries.

Coffee forms a large part of the export trade from Colombia to Europe and America, also indiarubber and gold and silver from the mines, mostly worked by English capital.

Some day or other this will be one of the wealthiest countries in the world ; at present it moves very slowly ;

railways, and, in fact, progress there in all directions are in their infancy.

Want of space precludes any further description of Colombia's possibilities. Like all the other Latin Republics in South America, she has escaped the insensate folly of internal turmoil and revolution for the last fourteen or fifteen years, and it is to be hoped that this satisfactory state of affairs may long continue.

A few words about Mexico before leaving the subject of the Latin Republics. Under the firm rule of Diaz, for well-nigh a generation that country was peaceful and prospering. Foreign capital, largely from this country, was building fine trunk lines of railways and other important works in the country. All that unfortunately ceased in 1910-11 and anarchy supervened.

The "hands off any part of America," or Monroe, doctrine is presumably a sound one for the peace of that continent, but the United States have duties regarding it as well as privileges, and Mexico is a question that sooner or later they will have to see to and straighten out, for it cannot be left an Alsatia of riot and bloodshed indefinitely. Some of the inhabitants contend that with thorough development this country might compete with Cuba in the production of sugar, coffee, etc. ; be that as it may, notwithstanding the richness of the soil and the wealth of the silver and copper mines, one finds that—quoting the words of a former Mexican Minister of Foreign Affairs—"Chronic anarchy here produces the phenomena of humiliating poverty in the midst of elementary riches." What is the cause of this ? To put it briefly, one word will explain it, and that word is "Revolution."

## CHAPTER VII

### THE CENTRAL EUROPEAN POWERS

“ War in the future will be an economic affair, a struggle for existence on a wholesale scale. I hope my successors will always keep that fact in view.”—BISMARCK.

TURNING our eyes next to the Central European Powers, with whom we are now opposed in a deadly struggle for all we hold dear, we must remember that we only declared war after Germany's violation of a treaty binding her to maintain the independence of Belgium which had been solemnly entered into on Germany's part. Stealthily and with Machiavellian cunning that nation had been undermining our strength and sapping the economic foundations of our trade and industry for several decades, organising the attack in all parts of our Empire, in order, if possible, to tear it asunder for her own profit ; this whilst the German people were enjoying its hospitality and the same privileges as ourselves within its bounds.

The question of our after-war economic treatment of our present foes, and more especially Germany, is one we cannot lightly dismiss, and it will require the gravest consideration on the part of our statesmen and those of our Allies. There are many important matters which will have to be seen to in due season, such as the

trend of their trade, also their organisation for peaceful penetration, and dumping of goods ; their scheme for capturing our "key industries," their bounty system to their merchandise and shipping, and also their high Protective Tariff. Whatever else the last may have done, it has made them a much more self-contained people, so far as food and the main necessities of life are concerned, than we are.

Prior to the inauguration of this tariff, in 1879, Bismarck, in introducing this measure into the German Reichstag, said :

"We refuse to remain the sole dupes of an honourable conviction. Through the widely opened door of our imports we have become the 'dumping' place of foreign surplus production, and it is this, in my opinion, that has prevented the continued development of our industry and the strengthening of our economic conditions. Let us close our doors awhile, and secure for German workers the German market, which hitherto the foreigner has exploited with our connivance. The abstract doctrines of science influence me not at all ; I form my verdict on the teachings of experience. I see that the Protectionist countries are prospering, and that the countries which practise Free Trade are decaying.

"Since we lowered our tariffs we have, in my opinion, been a prey to consumption. We have been bleeding to death. The process was delayed for some years by the French millions."

And also about the same time Bismarck, in a confidential circular to the Prussian Ambassadors the year before the adoption of the present protective policy of Germany in 1879, clearly defined his opinion regarding the actual payer of the import duty :

“As the fact that foreign countries always show the greatest concern if another country desires to increase its duties, it can be seen that such Customs duties are, to a very large extent, *borne by the foreign producer, and not by the consumer*. If the home consumer should really have to bear the weight of increased duties, such an increase would leave the foreign producer indifferent. Under a system of protective tariff, the Empire will therefore derive part of its income from foreign countries.”

Germany then carried out the policy advocated by her great economic writer, Liszt. He was originally a believer in the popular theory of Free Trade, but he also held that the prosperity of a nation did not consist in amassed wealth, but was in proportion to its powers of production; that a nation is able by moderate protective duties to build up productive strength as a great agricultural self-contained Power, and also its manufacturing industries, and to produce the domestic article as cheaply and as good as or even more cheaply than the imported article. Lessons which he also thought it wise to ponder over could be learnt from the decay of ancient nations, especially those which, like the Greeks, had become merely traders, and had considered the interests of the home producers as of secondary importance. He also held that it was the duty of the economist not to be hide-bound by ancient shibboleths, but to look at facts as they stood in the actual world we are living in.

He also considered that the arguments of Adam Smith, which depended on the assumption of universal peace and universal association and brotherhood amongst nations, were economic theories based upon

premises completely untenable. In fact, the views of nearly all the German statesmen and economists are in direct opposition to those held by a large section of our fellow-countrymen, though that section is not so large as it once was. Germany is unanimous in the conviction that, economically speaking, no country should be dependent upon another for food and the chief necessities of life. This fact has proved to be to the advantage of the German cause at the present time. They have also taken steps to encourage their manufacturing interest, and it is forbidden to order goods from foreign firms when similar products are purchasable in Germany.

We, on the other hand, have for long held the contrary opinion. Our Government, railway companies, municipalities, and other public corporations buy all they require in the cheapest market, regardless of consequences. That has applied, though not so markedly, to those parts of the Empire not controlled from Downing Street, in Canada, in Australia, and in other self-governing colonies.

The manufactures of the Central Powers were well organised before hostilities commenced, and had framed State regulations to meet the contingency of war, therefore their works had not, as ours had, to be turned inside out by a Minister of Munitions or by any other public functionary. They are also said to have been given good warning beforehand to prepare for emergencies. Their shipper is usually an export agent to a whole group of manufacturers. He informs them of the exact requirements of their customers; he advises one manufacturer to concentrate his energies on one article, and another to specialise in another

class of goods. Thus he eliminates competition, and enables them to undersell the British trader. That is one of the secrets of the capture by Germany of many foreign markets, notably in South America.

Presuming that the German group decide to build a railway, say, in Africa or in any other part of the world, they link themselves with a group of allied and supplementary industries, and form what is called a "Linked Company System." They jointly pay all expenses connected with the concession, therefore their railway concessionnaires not only build the railway with their own capital, but obtain from the Fatherland the rolling-stock, the machinery, the lighting plant, and so on. As the country is developed, all the imported requirements of the inhabitants are entirely supplied by home firms. No other nations, British or any other, are allowed to have a look in anywhere, if it can be prevented. If, as in some cases, a small concession is allowed to a foreign trader to supply some commodity, it is very often for the reason that the Linked Company group do not desire to do so themselves. It is a complete manifestation of the powers of combined organisation, and, of course, succeeds in defeating our more easy methods of individual enterprise.

The Council of the British Engineering Industry are considering the problems in regard to this system. By this means Prussia and her feudatory German States have developed their carrying trade, and also by a system of scientifically arranged subsidies have assisted the sale of their manufactures. One must acknowledge that Germany has a body of intelligent statesmen, who have done all in their power—with considerable success—to encourage German trade and commerce.

In the course of a speech in the House of Commons delivered in 1916, Mr. Runciman, then President of the Board of Trade, said :

“ Before the War a large number of articles were almost entirely in German hands, such as dyes, electrical apparatus in some particulars, and several others I could name, including certain of the best chemicals, magnetos, optical glass, etc., which were all of great importance to us, not only as a great commercial country, but as a fighting country. We were placed at a great disadvantage, and never again should that happen.”

This statement is satisfactory so far as it goes, but does it simply express his opinion, or has it any chance of being actually carried into practice ? Prohibition of these articles was proposed by certain supporters of the late Government, but this policy would not carry into effect the words “ Never again should this happen,” as Prohibition is, of course, only suggested as a temporary measure. The only way to carry them out effectively is for our statesmen to grasp the nettle, and acknowledge that the Free Import system which we have is not a practical one for a commercial nation in the twentieth century, whatever it might have been when inaugurated seventy years ago.

In the course of the same speech the same speaker also advocated a large expenditure on technical colleges and modern appliances, and urged that we should be more adaptable. He also indicated that further commercial banking facilities would play a large part in regard to holding our own against the Prussian Combine.

All those things, technical colleges, banking facilities,



etc., would read very well in a thesis on how to encourage British industries, and they would be, no doubt, useful adjuncts to our industry if we had equality of competition with our foreign competitors. But one fails to see their power to prevent the dumping of goods, or the insidious modes in which the Germans attacked our "key industries," or the penal tariff they put up against our manufactured goods, whilst allowing coal and iron, those useful products which Nature has bestowed upon us, to go into their country on payment of comparatively moderate duties. The remedies suggested above are only palliatives, and not adequate to meet the difficulties that we shall have to face. We have thrown open our market freely to the manufactures of Germany, whilst year by year she has increased her tariffs and made them more preventive against our exports.

The Germans as a nation are not pioneers in invention, except in the regions of chemistry and in certain branches of medical science. Some people imagine that they were the inventors of undersea vessels or submarines : that is quite a mistake. These vessels were, as a matter of fact, first made practical use of by the French at the beginning of this century. A few years afterwards they were adopted by ourselves, and were last of all taken up by Germany, the weaker Power at sea. There is, indeed, scarcely a branch of industry in which Germany has not benefited by trading on ideas which have been the product of Anglo-Saxon genius, either on this or on the other side of the Atlantic. In medical science she has made some discoveries, no doubt : for instance, the brilliant work of Pasteur, the bacteriologist, was carried to useful fruition by Pro-

fessor Robert Koch, who adopted the usual Prussian plan of making a practical use of this newly acquired knowledge.

Amongst the things that one can learn from the German people is the effective mode of preparing both men and women between the ages of 14 and 18 for after-life. A very large proportion of the population is given a comprehensive trade education, in its wider sense, to fit them for the battle of life, and youths of that age are not allowed, as here, to make an easy living in some blind-alley loafing occupation as golf caddies, errand boys, etc. This is a source of strength to modern Germany, and it should be wisely copied in other lands. It creates an incentive to thoroughness in work, and the idea that it is a duty to the State to be an efficient worker. Dr. Emil Lederer states, it may be noted, "that the removal of all men capable of bearing arms in Germany has smashed industry to atoms for the time being."

Many of us have never realised that the Kaiser, Bismarck, and other national statesmen have established in their country by degrees a gigantic system of State Socialism such as the world has never seen before, organised and created for the sole and definite object of making Germany the dominant military, naval, industrial, and commercial country of the world.

The leading men are now devoting their energies, apart from the war, to creating an economic *Zollverein* of the Central European Powers. They are making efforts, by means of the mailed fist and in other less strenuous diplomatic ways, to establish a Customs Union from Hamburg to Bagdad. This idea has been germinating in their minds for many years past, and

has been the motive of the wide extension of their trading system amongst the Central European Powers, efforts having been made in all their treaties to exclude the products of Great Britain, and of the British Empire, from entering into the countries with which the treaty has been made.

With regard to this Central European Association a meeting was held at Vienna in December 1915, in which it was resolved that reciprocal economic treatment of the people of Central European States should be arrived at. "It must embrace," so the statement ran, "as far as possible all aspects of economic life." The scheme will, at the same time, be found difficult, if not impossible to carry out, as there are between Germany and Austria-Hungary certain divergences of interest to be overcome, and the latter will be also unwilling, one would think, to place herself even more directly under the domination of the Prussian interest. Turkey will not join in the scheme either with willingness or enthusiasm. Still, we must remember, as the blindest of pro-Germans must see, that as Germany cannot win the war, she will spare no effort to conquer the world commercially and from an industrial standpoint, by means of certain agreements, which she will try to wring from the Allies, if possible—of such a description as to sow dissension amongst them. If the war terminates in a treaty of peace, and not, as we feel it should, with a statement of the Allies' terms that Germany will have to accept, she will probably offer very generous terms in the treaty, knowing well that any agreements she enters into are only "scraps of paper" which she can at her will, as opportunity arises, denounce and throw aside.

In Germany, one must also remember, the whole economic armoury of the State is utilised for forging a way amongst the competing nations of the world. The Director of one of the great Prussian shipping companies is, for all practical purposes, the Kaiser himself. When the war ends, the Central European Powers will require to export, because they have a paper currency, in order to keep up the value of their exchange. It is unwise to be deluded by any sudden fall, at present, in the value of the German mark. If, just now, they are only importing a small quantity of goods, but exporting a very much smaller quantity, the exchange will fall, but that is only a drop in the ocean of their total trade, internal or abroad. The former is carried on by means of a paper currency, and, therefore, the fall of exchange at the present moment is really of small account. What really would matter to them would be an effective British blockade, and Holland and the States surrounding Germany being prevented from exporting goods across their borders. Amongst the bulky articles Germany requires are copper and rubber, besides wool and fats. The British blockade keeps the bulk of these goods from her shores, and their shortage daily increases.

Some of our statesmen and Chambers of Commerce have awakened to the urgency of the question, and are determined to do all in their power to preserve our trade. The British Imperial Chamber of Commerce passed the following Resolution, amongst others, in June 1916 :

“ That legislation should be enacted by the different Governments within the British Empire under which

each Government should have the power to insist on any individuals, firms, or companies, producing, manufacturing, or trading within the British Empire, being British-controlled both as regards management and ownership. Also that in the event of enemy companies or firms being permitted to reopen or commence trading in any part of the British Empire, they should be subject to such control and inspection as shall make it impossible for them to be used as political agencies under the guise of industrial establishments."

They also, together with other Resolutions regarding our fiscal relations, passed the following :

"For restricting by tariffs and otherwise trade relations with all enemy countries, so as to render dumping or a return to pre-war conditions impossible."

They have seen the results during this great war of our economic system and that of Germany, and have marked how much more efficiently their system has stood the supreme test of war than ours. Not only was Germany in times of peace under the protective system inaugurated in the seventies of last century rapidly catching us up as a trading nation, and in some branches of industry outstripping us, but in 1913 her total imports and exports were only one hundred million pounds sterling short of our own total trade.

With the advantage of having a great Empire behind us, and the virtual command of the seas for over a hundred years, we have been handicapped by our free-import system of trade and the loss of any bargaining power, being only just able to keep ahead of the commercial position in which Germany has won for herself in the forty years prior to 1914.

There are, however, some amongst us who wish to re-establish as soon as possible Germany's ascendancy in British markets, in order that she may be able to pay the war indemnities fixed by the Allies. Such a policy is too fatuous to require refutation by argument.

One of the clearest evidences of British determination to have no more of the system of squeezing their manufacturers and producing classes for the benefit of other peoples was the defeat of a Free Trade Resolution in the very Mecca of that faith—Manchester. So annoyed were the minority at this defeat that they actually gave a banquet in London to some of the Minority Members of that Chamber, when speeches of obdurate pride and steadfast hate were made in defiance of their defeat, which, one of their speakers said, was caused by "too anti-German feeling,"—in other words, that the defeat of Free Trade in Manchester was in reality the defeat of the Germans themselves. Free Traders may not realise it, but if Mr. J. M. Robertson, M.P., and others had their own way in the manner their speeches indicate, viz. "business as usual after the war," and if the "most favoured nation" clauses in the treaties now existing were allowed to stand, they would simply put us back into the position of being unable to prevent peaceful penetration by the foreigner, and we should have repeated at some future date the painful and humiliating experience we had in 1914. In addition those industries which have been started since the war would be killed, and would have no power of permanent recuperation.

At the last general election, in 1906, whilst taking an active part in supporting the Unionist candidates in Westmorland and Manchester, it came to the know-

ledge of the author that Free Trade advocates said, "You dare not change your system of tariffs in this country, for if you do, Germany will declare war on you," or words to that effect. War has not been precluded although we still adhered to the old system.

They further pointed out the pitiable plight which, they said, German workmen were in under Protection, being fed on black bread, dog's flesh and horse's flesh, clothed in rags, usually miserably paid, and living in wretched hovels. Anyone who had been in Germany, either in the north or in the south, knew this to be a pack of falsehoods, but such statements were found to be good enough to win votes and elections, and they were afterwards referred to in the House of Commons by one of the Ministers who had benefited by them, viz. Mr. Winston Churchill, as "terminological inexactitudes!"

The pay really given to German workmen when times of peace prevailed was in certain industries higher than that which prevails in England. In the clothing trade, for instance, wages are said to be lower in London than in Berlin. Since the adoption of a higher protective policy in 1897, the progress of Germany towards prosperity has been marvellous. Both Germany and the United States have passed us in the production of iron. Delegates from British wool and textile industries in 1908 were astonished to find the German workers well conditioned and circumstanced, and they reported that in some cases weavers received in Germany  $12\frac{1}{2}$  per cent. more for their work than the best similar workers do in Yorkshire factories.

Having such large indirect taxation, mainly paid by those who import goods into Germany, there is less

requirement for direct taxation in Germany, therefore the German worker only pays half the rates and taxes that have to be paid here. It is, in fact, very difficult to understand why, considering their increased commercial success in the last thirty years, they ever went to war at all, or what they thought they could gain more than they already received as a result of our generosity.

In the year 1913, the last complete year's trade before the war, the total export trade of Germany reached the value of £1,026,000,000 sterling : 20 per cent. of this came to this country, and 28 per cent. went to our Allies ; in other words, 48 per cent., or nearly half, went to the nations now arrayed against her ! Therefore, and with justice, the fear of a united conclave of nations refusing to open their markets again freely to her commerce must cause grave apprehension in German business circles ; for even if she induces Austria-Hungary, Turkey, and Bulgaria to enter into a commercial *Zollverein*, that would make but a small counterpoise to the loss of her trade with the Allied Powers.

Go to any of our great centres of industry in this country, and see how well and how thoroughly as individual firms many of our manufactures are organised. That system has been extended by Germany to the whole nation. We must take a lesson from her, and realise the advantage of systematic organisation in respect of commercial and industrial matters, knowing that to that fact the success of the German people in recent years is greatly due. If we do that, and organise in the same way, we shall increase the economic power of our industries to a great extent.



Before the war Germany was the only well-organised nation in the world. She also determined to push out of her path all who stood in her way to complete mastery and dominance in the world. That ideal was followed not only by the Government, but by the vast majority of the people in that great nation, and to this end they devoted their whole energies in life. There was no divided control, and all had to act as they were told without scruple, mercy, or compunction. We, however, in copying them in organisation, will determinedly adhere, not to the doctrines set forth by Bernhardt, or men of that stamp, but to our own ideals of Truth, Honour, and Justice.

Among other products which we imported from Germany was timber for the manufacture of pulp ; and we have certainly realised during this war the inconvenience of our cosmopolitanism in respect of that import, of which product we had ample supplies within the Empire. An investigation has lately been made by the Board of Trade as to the possibility of our holding our own in neutral markets in competition with German goods. The British cotton goods, which our merchants exported to warmer climates, such as Australia and India for instance, were harsher than those supplied from Germany. They would wear better, no doubt, but the inhabitants of those places did not like them so much, as they were not so soft to the skin, though quite as low in price as the German goods. Amongst the largest items of German exports in 1913 to the United Kingdom, Turkey, Roumania, British India, South America, United States, China, Japan, and Egypt, were woollen and worsted tissues, which they sent to the large value of £13,500,000 stg.,

and the Board of Trade appears to be of opinion that the British manufacture could gain a great portion of that trade if it would consent to consider local needs and local conditions.

Throughout Germany railways have been laid, for the most part for strategic reasons—to oppose, so to speak, Railway Power to Sea Power; and these have, no doubt, been of great advantage to the German Forces, who have held interior lines during the present war. Some of these railway lines owned by the State have also been used for the purpose of pushing their export trade, and their goods have been transmitted over them to Hamburg and other ports, or down south through Austria and Turkey, under a large discount in rates. Nothing, in fact, has been left undone to further the prospects of German commercial and industrial dominance throughout the world.

Our way to fight that, is not only to give, as we do, a thoroughly good article, which can compete in price with the German production, but, as has been previously stated, to meet the requirements of the inhabitants and purchasers of the various countries. In brassware goods, for example, German competition was very strong and very successful, their exports were over £6,500,000 stg. in value, as compared with ours, which were a little over £1,500,000. In the case of machine tools, toys and games, the German exports were in excess, by four to one, of those from Great Britain; whilst in iron and steel plates, in glass, and in several other products they had the largest share of the trade of neutral markets. This was not formerly the case, and has only been so since Germany adopted Protection. The Board of Trade urged in their report that an important opening

is available for British development in connection with iron and steel railway material.

A nation that treats trade as if it had no relation to national security may for a time make great strides, but a day of reckoning must come, and it has come to us. As Mr. McKenna, then Chancellor of the Exchequer, said in Parliament in 1915: "We have seen a nation which, in profound peace, planned, proposed, and eventually provoked war. We have also found ourselves dependent on that nation for many essential matters of our trade." Let us hope that will not occur again.

What shall we say of Austria and Turkey, and of the latest acquisition to this curious combination—Bulgaria? What the three junior partners can have expected to gain by joining the German Confederation in their midsummer madness it is difficult to say. Were they willing or unwilling partners? Does the Prussian system and that of her feudatory States, in regard to commercial and financial penetration, so dominate them that they and their rulers had no option? Or, on the other hand, were they simply drawn into the fray by a few leading men in their respective countries who had become thoroughly Prussianised?

The population of Austria is composed of many races, and numbers 29,000,000, or, including the Kingdom of Hungary, about 51,000,000. Its area is about 135,000 sq. miles. Germany, which is the senior partner, has a population of 65,000,000 and an acreage of 209,000 sq. miles. Whilst the German trade was as large inwards and outwards as £869,000,000 in 1914, which was a decrease from the previous year, that of Austria was only £221,000,000 stg. in value. The

Austrian Empire sent us £4,500,000 value of goods in 1914; of that £2,500,000 was the value of her sugar export to the United Kingdom, whilst from our shores we only sent products to the value of £2,500,000 stg. in all, or to the same value as we received sugar from them. Amongst other items we bought £377,000 worth of eggs, and we appear to have got on during the last two years fairly satisfactorily without these imports. Of our exports to them, the largest items were coal and iron.

Our trade with Turkey in 1914 was to the amount of £5,900,000 in value, and mainly consisted of cotton yarns, woollens, coal, and machinery, whilst we imported from that country wool, raisins, drugs, olive oil, tobacco, and figs, to the value of £4,200,000. It is to be regretted that a nation for whom, in the last generation, we sacrificed so much should have turned against us. Whether it is the fault of our diplomacy, or whether Germany had means of inducing the Turkish authorities to espouse their cause which we would not deign to attempt, one cannot say. The Turk is reputed to be a fair or "clean" fighter, though whether that reputation is justified or not time will show.

There is a very small interchange of goods between Bulgaria and the United Kingdom; their exports in the main consist chiefly of cereals, such as wheat.

One may take for granted that the most determined adherent of our present free-import trade system will admit that, as Nature placed coal and iron contiguous in the United Kingdom, and the physical strength of our countrymen is equal, if not superior, to that of the German race, and as we are possessed of ample capital and splendid machinery, nearly exclusively invented by

the genius of the Anglo-Saxon race on this or the other side of the Atlantic, we have the requirements of industry and commerce in abundance.

Can it therefore be the "design of Nature," as the adherents of our present trade system try to make out, that in the year 1910 we imported from Germany iron plates and sheets for the manufacture of ships, bridges, and boilers to the weight of 35,100 tons, and in 1913 88,463 tons, whilst in the former year we only sent them 2,734 tons of our similar products, and in the latter that amount had decreased to only 339 tons?

Taking another instance in the iron trade, one finds that we purchased rails for trams from Germany in the former year to the amount of 1,269 tons, and in the latter that amount had increased nearly four-fold; we took from them 4,534 tons of that manufacture, whilst to Germany we sent similar products in those two years to the small amount of 36 and 42 tons respectively. Of rails for the use of our locomotives on the permanent ways of this country we purchased 2,524 tons from the same country in the first year that has been named, and in the latter 6,075 tons. We do not appear to have exported any of that commodity at all. The railways in Germany are in the hands of the State, and no English rails are in consequence bought. Again, in manufactured zinc we sent them no exports at all in either of the two years referred to, whilst we purchased from them 6,643 tons in the former and 7,169 tons in the latter year. In all these instances it will be seen that we were becoming more and more dependent on them. It would be possible to enumerate numbers of other instances of a similar character in the manufactured-iron trade and in numerous other indus-

tries, but it is scarcely needful to do so, as the trend of our inward and outward trade has been sufficiently demonstrated.

It should be borne in mind that the metal and iron trade was one in which, about the middle of last century, we were pre-eminent and almost without rival. Railways also were invented by a great Englishman, and the first two lines of railway in the world were laid between Liverpool and Manchester and near Darlington.

On election and other platforms one may hear the bleatings of a certain class of orators about technical education being the only panacea for our lost industries. We have already skilled engineers and competent workmen for the making of iron rails and steam boilers, and it is therefore idle to suggest that that would be any remedy at all. It may be asked, to what does one attribute the fact that our trade in manufactured iron abroad is diminishing, as well as in many other directions, and also that we imported in 1913 a considerable amount of iron and steel rails, boiler plates, manufactured zinc, and smaller articles of commerce, such as, to quote a few only, gimlets, files, thimbles, corkscrews, buttons, gilt wire, electrical machines, cotton, curtains, lace, and all kinds of other products large and small, to a great extent from Germany? The answer to this is that undoubtedly the main cause is the heavy prohibitive import tariff on most of our manufacturers sent to Germany, which renders it almost impossible to continue exporting many of the above-named products even with a minimum of profit.

In examining the most recent Blue book published by the Board of Trade in 1913 on this subject, entitled *Foreign Import Duties*, an exceedingly bulky volume of

nearly thirteen hundred pages—and, one may add, no light task to study, as it has only an index, if one can call it so, of two pages, and no apparent consecutive order, alphabetical or otherwise, in regard to its contents—one finds that on steam boilers exported from the United Kingdom to Germany the import duty charged was in 1913 3s. per hundredweight; on gimlets and cutting files 14s., on screws 6s., on thimbles, corkscrews, nutcrackers, and buttons, 12s.; on gilt wire the high import duty of £3 14s. 11d. was imposed, on electrical machines £1, on compasses and mathematical instruments and typewriters £2 9s. 11d., all per hundredweight, so it would appear that even respecting scientific apparatus they did not rely solely on their technical education in order to prevent our manufacturers competing with their own in their home market.

Taking other duties charged on other manufactures, it appears that lace of certain descriptions was taxed at 1s. 4d. per lb. on entering Germany. Most articles of clothing were liable to import duties from 1s. 4d. to 1s. 6½d. Turning to the machinery department, steam engines or steam turbines, etc., had to pay by their general tariff rules on entering Germany £1 17s. per hundredweight, and so on *ad infinitum*. One need hardly add that all these articles of commerce were, prior to this war, allowed in the United Kingdom from the Central European States duty-free.

Now the question might be asked, What policy is suggested to amend this state of things and give equality of competition to the British manufacturer and workman in regard to the products of their enterprise and industry entering the Central European States?—

for it should be remarked that the Austrian tariff is by no means a light one.

The foreign manufacturer and worker has this great advantage over our people. He has a protected market in his own country to pay for the upkeep of the works and the cost of the plant—the latter in some instances a very heavy charge indeed—and he can, of course, in consequence, dump goods here to undersell our makers, who have to pay all the charges of their manufacture out of their sales in the open market. Without doubt this dumping system injures our home industries in many cases, and does not give them either fair play or equal competition. The remedy suggested, therefore, is the only logical and practical one, that we should frame a general tariff, and say to the German people: If you won't take our goods, but bar the door to them, we will do the same with you, and if you see fit to open your door to some extent, we will do the same with you. We won't allow our industries to have unequal competition with yours any longer. Further, as has been previously suggested, after the war ends we should not allow their shipping the same use of our ports, harbours, and works on the same terms as our Imperial mercantile marine, or those of our Allies, or such friendly neutrals as we decide to make reciprocal trading and shipping treaties with. We must, in fact, base our commercial arrangements with the Empire and the world in general not on sentimental lines or in accordance with a Utopian policy of setting a good example and chancing to luck or Providence whether it is followed or not.

Of course in looking at this economic question from the British standpoint, and also from that of the



Empire and our Allies and friends, one lays oneself open to be accused by certain stern political economists—"Little Englanders" of the past, and Small Navyites who love every country but their own—of not being sufficiently cosmopolitan, of being narrow-minded, and not regarding this question from the standpoint of the sublime theory of the universal brotherhood of mankind, which the last two years have done little to prove a reality. Be that as it may, it would seem to be to the ultimate benefit, not only of Great Britain but also of the world at large, to look at this question in a practical common-sense way. We must arouse ourselves to the fact that many of the markets of the world are being greatly restricted if not absolutely closed against our trade and that of the British Empire by hostile tariffs, and that unless we wake up we shall only give to others the sinews of war for an early renewal of the present orgy of carnage and destruction.

We must also rouse ourselves from our economic slumber and awake to the fact that the Hamburg-America Line and North German Lloyd are preparing for a trade campaign when the war terminates, and for an extension of their commerce. In truth, in the midst of war Germany is mobilising for peace. She is said to have formed a conclave of nine of the most distinguished business men of that Empire, who for the last year have given their exclusive attention to the working out of a plan for transferring Germany with the least possible delay or disturbance from a war to a peace basis. Is it wise to let the enemy count too much on British presumed dislike to preparation and looking ahead?

One should approach this question as British

subjects and in the same spirit as did the late Lord Macaulay when in a speech on the sugar duties delivered in the House of Commons he said: "A man would not be justified in subjecting his wife and children to disagreeable privations in order to save, even from utter ruin, some foreigner whom he never saw. If a man were so absurd and perverse as to starve his own family in order to relieve strangers with whom he had no acquaintance, there can be little doubt that this crazy charity would produce much more misery than happiness. It is the same with nations. No statesman ought to injure other countries in order to benefit his own country. No statesman ought to lose any fair opportunity of rendering to foreign nations such good offices as he can render without a breach of the duty which he owes to the society of which he is a member. But, after all, our country is our country, and has the first claim on our attention. There is nothing, I conceive, of narrow-mindedness in this patriotism."

## CHAPTER VIII

### THE HOUR OF GREAT OPPORTUNITY

“ There is a tide in the affairs of men  
Which taken at the flood, leads on to fortune,  
Omitted, all the voyage of their life  
Is bound in shallows, and in miseries.  
On such a full sea are we now afloat,  
And we must take the current while it serves  
Or lose our ventures.”

SHAKESPEARE, *Julius Cæsar*, Act 4, Sc. III.

THE opportunity which will arise when this great war terminates is one which may never occur again. The Empire is more thoroughly united in sentiment than it has ever been before in history. The great peril we have all gone through, and the common danger we have faced resolutely and bravely—and which will before long, we all hope, have been surmounted—has brought us together as Britannia's sons and daughters have never been brought together before. In the field of battle, the hospital, factory, ship, workshop, farm, and elsewhere, all classes have commingled together, helping one another as best they could for their common good. The rough edges of social differences, if not actually removed, have been smoothed over, let us hope for long years after this war has become a thing of the past.

We have learnt as an Empire, as a nation, and as a community, to understand one another better, and to realise that with but a few exceptions our common aspirations and our common hopes are to safeguard our Empire, our liberty, and our flag, and to protect civilisation from the wanton ambition of ruthless tyrants and military adventurers.

Time, however, is of the essence of the problem before us, and if we are to do anything really satisfactory we must set about preparing to do it now, and, putting aside all considerations of doctrine or party, devise a policy to develop our immense resources—one by which we can improve the conditions of our national, social, and economic life.

To us has been assigned the responsibility of guarding the destinies of one-fourth of the human race. In carrying out that great trust we shall ever keep the ideals of liberty, order, and justice before our eyes as the lode-star of our policy. Our aim must further be to add to the material and social welfare of the people in the Dominions and Dependencies comprised in the *Pax Britannica*, not continuing to pursue in that direction a policy of negation and drift, but putting into execution a definite, well-thought-out plan suitable to the present conditions of the world in the twentieth century.

The first absolutely essential thing which we must set about is to put our inter-Imperial trade relations, and our commercial interchange, on a satisfactory basis, at the same time leaving each Dominion its power of self-government and fiscal autonomy untouched. This can only be done by an inter-Imperial preferential system of tariffs, which will entail the Mother Country

establishing a general Customs Tariff within the United Kingdom.

The question which will also have to be approached by the next Dominion Conference is the Constitutional position of the Empire, and the best mode of devising an authority which will have the power to deal either directly or indirectly, in a representative capacity, with matters affecting the Empire as a whole.

There are other questions of the greatest importance which it is proposed to refer to after first touching briefly on some of the chief aspects of the problems which these two matters of moment to the Empire involve.

Regarding the co-operation on a preferential basis within the limits of the Empire of its commercial relations and its industries, given the will to do so, which certainly exists in the Dominions beyond the seas, the vast majority of the people of the United Kingdom will doubtless accept this policy. There are, no doubt, difficulties, but these difficulties could easily be met and surmounted if a conciliatory give-and-take attitude were adopted.

Our plans must be ready and the interests of the manufacturing, mining, shipping, and other industrial classes and interests safeguarded. The question of a tariff in the United Kingdom should be approached at once and a Royal Commission appointed to take all steps needful to give fair consideration to all the interests involved, and to make a report which should be acted on without needless delay in order that a scientific general import tariff in the British Isles may become law.

From our general tariff, when fixed, preferences could

be given within the Empire, to the Allies, or to friendly neutral Powers, as far as possible on the principle of reciprocity.

The virtue of any proposed action of this description is to do it in time. Have we not had warnings enough in the last two years about the evil of procrastination? We ought, therefore, without needless delay to thrash out and decide upon a policy to meet the altered conditions we shall have to face when this war ends.

Our enemies in Germany have not been exporting goods during hostilities, except to some extent to Holland, Sweden, Denmark, Switzerland, and the Near East, and it is reported that they have been avowedly accumulating them to the large amount of £300,000,000 worth in value in readiness for the Great Trade War which they propose to commence on the declaration of peace; relying, we hope wrongly, on political and other influences being brought to bear in certain quarters to prevent the Entente Powers from preparing to meet this attack.

The free-import trade policy hitherto adopted as a sort of religion by this country since 1850—as the law of the Medes and Persians which changeth not—renders us very vulnerable to such a form of attack. The Empire of India, whose fiscal policy is more or less under the ægis of the British Government, is nevertheless obliged to remain in the same position of fiscal helplessness, and is practically deprived of powers of retaliation against “dumping,” or other trade devices of a similar kind. The self-governing Colonies are in a better position, and have the full power of retaliation, if they so desire, should their industries be attacked, and, unless one is greatly mistaken, would

not hesitate to act promptly and with decision if occasion so required.

Our gallant French, Russian, Italian, Japanese, and other Allies are not likely to stand any more nonsense of that sort, but they are not hide-bound by any economic shibboleths of the eighteenth and early nineteenth centuries. Their hands are free, and not tied behind their backs as ours at present are.

The people of this country will have something to say in this matter, and will, if our administrators show hesitation and procrastination in dealing with this difficulty, demand to know whether an economic system exists for the good of England or England exists to prove the correctness of the views of certain political economists.

During the autumn of 1916, the following instance regarding the power which retaliation, if needful, gives a country whose industry is attacked was brought to the notice of the writer by an influential Canadian friend whose views on economic questions coincide with his own.

Canada, a few years ago, decided to give the United Kingdom certain preferential treatment on certain British exports to that Dominion. Germany, having at that time a treaty in existence with Great Britain containing what is called the "most favoured nation clause," promptly took umbrage at Canada's action, and made representation to the British authorities that this preference given by Canada infringed the aforesaid treaty. The British President of the Board of Trade replied that Canada had fiscal autonomy, and that he had transferred to that Dominion full power in the matter. This, of course, the German

authorities were fully aware of. The German Government then heavily increased the import duties on Canadian corn and other articles of commerce to their country in order to punish Canada for daring to grant preferential trade to their Mother Country. The Ministers of Ottawa replied to this action very promptly by at once doubling the duties on all the chief articles of commerce which Germany sent to their shores, fortunately possessing the power to do so at once under their tariff law simply by an Order in Council, and without any need of reference to their Legislature.

The German Consul-General then sought an interview with the Canadian Minister of Commerce of that day, Mr. Patterson, who, being a man of determination, told him plainly that they would not remit the duties unless the Germans took off theirs. During the conversation Mr. Patterson is reported to have said: "You are not dealing with a British Government," and also, in answer to the question put by the German Consul-General: "What am I to report, then, to my Master?" "I'll tell you," replied the Canadian, and, sending for a stenographer, he had the following typewritten: "You tell your Kaiser that he gave us the medicine first, and now we're giving it him, and if he does not like it he's not to squeal!" This he handed to the astonished German Consul.

For two years the Germans and Canadians both maintained these increased duties, till the former found out that they were, so to speak, "cutting off their nose to spite their face," as their exports to Canada, consisting mainly of manufactures, were three times greater in value than the Canadian exports to Germany. Finally they cancelled the increased duty objected to,



and the Canadians did the same, Mr. Patterson informing them at that time that their exports would be placed on the Canadian General Tariff without any preference whatsoever. The Canadian friend previously referred to did not ask what would have happened if, prior to the war, for any reason, the Germans had decided to double their duty on British goods.

From one's experience in Parliament it seems clear that something like this would probably have occurred. Some Member of Parliament, whose constituency was hit by this increased tax—a few thousand British working men being unfortunately thereby thrown out of employment and, maybe, a few local manufacturers also ruined—would have asked a question in the House of Commons as to whether this was “most favoured nation” treatment, and would have received an official reply which would have amounted to nothing. In a month or so later, during a discussion on Board of Trade estimates, this member would have made a strong speech of protest, and the Minister in charge of the Department would probably have replied in a conciliatory manner, expressing his deep sympathy with his honourable friend and his constituents, and informing him that representation had been made on the subject by the British Ambassador, but, he regretted to say, without avail. He would not have added in so many words, though he would have inferred it, that nothing of real avail could be done as we had no power of retaliation, and, of course, the sacred doctrine of so-called “Free Trade” would not be in any way infringed by us. The Minister might even have offered him a Committee to consider the matter, though, needless to say, the facts were patent and only too clear.

A committee, or the offer of a committee, is a never-failing source of consolation which is proffered by a Minister when he is nearly certain he can do nothing, or does not wish to move in the matter.

It must not be inferred from this that committees are not often appointed really to carry out definite and useful work, or that Ministers of the Crown in the United Kingdom are not, many of them, men as firm and determined as those holding similar offices in the Dominions, for they are ; but whatever their private views may be, in favour of unrestricted free-import trade or against it, the system they have to administer has for years past rendered them powerless of retaliation, and they know it ; the Foreign Governments they have to deal with are equally aware that is the case, and so they fail to give us satisfaction in those matters.

The fact is that the people who invented what they wrongly described as "free trade" presupposed that the world would, after its inauguration, be always at peace, and that all the nations would wish to follow "our good example" and establish unrestricted and open interchange in their markets with the commerce of the world. The foreigner took what he conceived to be the good part of the bargain, namely, the free market opened to him in the United Kingdom, and, after a few years' dalliance with slightly lower tariffs, put his up higher again, and only kept his tariff fairly low on such goods as we do not import within his borders, whilst in most cases he placed preventive tariffs on those commodities which we were exporting to his markets, and did his utmost to restrict our trade. This system of "heads I win, tails you lose" was

called giving us "the most favoured nation treatment," and one of the first things we should do would be to give notice to put an end to all the commercial treaties now existing with that clause in it, which we can do, with a notice of either a year or six months in all cases except one. The latter treaty can surely be modified in our interests by our Japanese Allies on reciprocal advantages being conceded them.

The former President of the Board of Trade, Mr. Runciman, indicated in the House of Commons his opinion of those treaties last year as follows : In some instances, he said, the foreigner is giving us what is ironically called "the most favoured nation treatment" in commercial treaties, and in his tariffs he "put a very low tariff on things which did not matter and a very high one on some things which did matter to us."

It has been erroneously stated that the consumer in the importing nation has to pay all the tax charged on goods at the Custom House. That view is only correct in regard to products or commodities which the country to which they are sent cannot make or produce, and does not apply to those which can be home-grown or manufactured by the importing nation. Probably being aware of that, our so-called "Free Trade" Ministers and legislators put a heavy tax on wine, on tea, on coffee, on tobacco, and on cane sugar, which, as they were aware, we cannot produce in these Islands.

Before the war, the cry was specially raised by women in England—"oh, so many things that we require—glass, china, decorative furniture, what are called 'fancy goods,' jewellery, bronze, articles of dress—are only made abroad, and if you put a duty on

them we shall have to pay more for them." They never stopped to inquire, nor did the political economists, why that was more or less true, nor to learn that we had to import them in large quantities, if not entirely, because the foreigner—say the German or Austrian manufacturer—had a protected market in his own country—in the case of Germany of 70,000,000 people and in Austria-Hungary of 50,000,000—and he could afford to dump his surplus stock in England at a loss for a time, in order to kill any attempt on our manufacturers' part to compete with him, and then sell the goods here at any price he saw fit after he had established a monopoly as a result of their manufacture in this country being stopped.

If we had a moderate duty charged at our Customs on nearly all those goods, they would be made in England, Scotland, or Ireland just as cheaply, and probably with better finish. Now, why would that be the case, and why would the cost of the foreigner's duty when paid not be added to their price, as alleged? For several reasons: firstly competition amongst our manufacturers and traders would keep the price down; secondly the goods, instead of being made here, as they are under our present economic system, only in small quantities, would be made by tens of thousands.

One superintendent in a mill or factory can see work done on a large scale as well as on a small one; that is a saving in cost. The same staff of engineers can drive a big engine capable of doing ten times the work of a small one. Thirdly, where moulds of an expensive character or special machinery are required to make a special class of goods, the share of this first cost is

less per single article if goods are made by the hundred thousand instead of the single thousand.

Besides that, it has also to be borne in mind that when the shop-keeper sells an article of general use and manufacture in this country he has to content himself with a smaller profit. The railways also transmit goods in bulk at a lower rate than they do small quantities. That has been found to be the case in actual practice.

To state the matter thus in simple words, shocks of course those theoretical professors of political economy who hold different opinions, and who in their treatises, set forth in words of portentous length and complex sentences of great apparent learning what they are pleased to call "the fundamentals" of their dogmas and doctrines. They never condescend to study the subjects they profess to teach either in the factory, the workshop, the warehouse, or the field, but in the seclusion of the University cloister or the study. Their works, or extracts from them, are printed in pamphlets and showered on the electors when a parliamentary contest is taking place, or repeated with weary reiteration from platforms at election times by politicians who have never studied the question.

No inconsiderable number of the voters to whom these dogmas are thus presented have neither the time nor the opportunity to test their accuracy, and so the various fallacies which these politicians enunciate get spread about like noxious weeds. Another remarkable thing about Free Trade writers or speakers is that they are largely of foreign extraction, and devote their energies not to converting their own fellow-countrymen, and making them see the advantages of their

one-sided doctrine, but to saying to our people words to this effect : " The more you buy abroad and the less you produce or make at home the better for you and the worse for the foreign worker, and if you don't see that you must be a fool."

There is no intention to attempt in these pages to frame a tariff suitable for all the exigencies of our Imperial destiny, our honourable obligations to our Allies, and, last but not least, the promotion of the direct interests of the inhabitants of the United Kingdom. That could only be done by the combined labour and practical knowledge and experience of a strong commission or committee of experts, and no doubt a good deal of time would be taken in framing such a tariff for the consideration of Parliament.

One is inclined to think that high duties should be put on what are known as luxuries, such as, for instance, jewellery, lace, expensive clothing, motor cars, wines, and tobaccos ; a moderate duty on articles of general use, which can be manufactured or produced here ; and a light one on certain products which cannot be grown in the United Kingdom, such as tea and sugar, and also on certain alimentary products (though not on all), which, with the majority of articles of raw produce and only slightly manufactured goods, should be either very lightly taxed or placed on the free list.

Every unit of the Empire should be absolutely free to make its own fiscal arrangements as it sees fit, and as best suits the circumstances of the people in its own area.

A man may be completely free to go his own way and yet, at the same time, find it to his own interest as well as for the benefit of his neighbour to work with the

latter. We must, in fact, row in the same boat with the mighty dominions of the Crown, and "keep in time" with them and pull the same stroke if we all want to succeed in this wide-world competition.

Every unit in the Empire could without difficulty arrange its own fiscal policy to suit its own conditions, while, at the same time, giving favourable treatment to every other unit of the Empire over and above the man or nation not within the family.

Each unit of the family group makes his own arrangements. Canada says, "We must have a tariff, but will admit within our boundaries goods from Britain." Similarly the United Kingdom, Australia, New Zealand, South Africa, the West Indies, and other parts of the Empire charge at their customs a lower rate of duty than the general tariff they have framed for their own purposes. By such means the autonomous principle is safeguarded, and yet the benefit of favourable treatment accrues to all the members of the family. Why a nation should be called upon, as we undoubtedly are, to keep fleets and armies to protect its people and its boundaries, and yet, in obedience to some law of self-imposed economic prudery, think it wrong to have a tariff to protect its industrial and commercial interests, it is difficult to see.

Every one of our Allies, including Japan, has a carefully framed general tariff. All the self-governing British Colonies have adopted Protection, and yet, in the opinion of some people, the views held in favour of protection by every other civilised race, and now, it would seem evident, by more than half the people of these Isles, are very much to be deprecated. During the summer of 1916 a determined apostle of Free Trade,

a fair-minded man holding broader views than most of those who have adopted those doctrines, wrote a thesis on the trade question in which he acknowledged that we should have "to protect essential industries." He shortly afterwards wrote a letter to one of the leading London journals stating that he still remained a Free Trader. The Editor, in a short leading article, sought to reassure him in the following sarcastic and humorous manner: "We hasten to inform the writer that, whatever he says or does, no one will ever think him a Protectionist. There are some favoured people who always escape calumny, and he is one. A real Protectionist is a bad man who takes a low view of human nature, and believes there will always be a great deal of jealousy amongst nations, developing occasionally into downright fighting. Therefore he thinks that whilst wealth is good, strength is better, and whilst you may be doing better in the tradesman's sense by letting 'doubtful friends' make essential things for you, you will assuredly be awkwardly placed in case of war with the same doubtful friends." This war has proved the truth of these words, as we know to our cost.

Many, however, of the most far-seeing men amongst us, who have hitherto been stout adherents of our present free-import trade system, have now thrown their previous views to the winds, as they consider that no theoretical adherence to any group of economic doctrines should prevent our adapting our fiscal system in such a way as to meet the circumstances we have to face. It is satisfactory to see that many of our statesmen have clearly shown that in view of the grave times through which we are passing, and the



difficult period which lies ahead of us when this war terminates, they prefer patriotism to any previous prejudices ; and if the necessity for a tariff is reasonably advanced and insisted on with courageous pertinacity, they, in their desire and eagerness to look at everything from a common-sense and practical standpoint, will recognise that circumstances alter cases, and that a general tariff is not a thing they can refuse, but rather one which, in the interests of the country and the Empire, they must accept as a beneficial proposal.

It is important also to note that a non-political society of leading manufacturers in the United Kingdom, with the title of the British Manufacturers Association, has recently been formed with the object of protecting British trade from unfair competition ; whilst at the Conference of the delegates of Labour held last autumn, in a resolution carried by a large majority, the following sentence appeared in the report of the proceedings published by the Press : " Methods should be adopted which will restrict the importation of cheap foreign goods which have been produced at lower rates of wages, or under worse labour conditions, than those prevailing in this country."

This evidently shows that labour in England has broken loose from the bonds of its Cobdenite tutelage. and is fully aware that satisfactory conditions of employment cannot be maintained after the war, or a living wage paid to the workers, whilst we give, as we do, the Germans and all other nations a free and open market within our borders for ordinary trading, only to find that in certain directions our generosity is repaid by all manner of underhand devices for cutting into and undermining our industries with sweated or

prison-made goods, or by means of subsidised dumping—the most pernicious form of commercial “black-legging.” It would seem from this that the working-man has awakened to the fact that if we allow German “blackleg” goods to displace the manufactures of our own people, and the shops in this country to be crowded by bounty-fed foreign-made articles (subsidised in some instances by their own Government in hard cash, and aided also by ours in not having to pay an iota towards the heavy general and local expenditure of this country which has to be borne by the British manufacturer of similar products), British labour will have to look in vain for employment, whilst emigration or starvation will be the only alternatives before it.

Even the tram-lines in our streets are laid with bounty-fed German rails, and paid for out of public funds provided by the British ratepayers, though at the time when they were purchased by the order of one of our local elected bodies probably hundreds of our steel workers were seeking employment and were unable to find it.

In regard to developing the great resources of the Empire, the Rt. Hon. Sir George Foster, K.C.M.G., Minister of Commerce of Canada, has said :

“The next thing is to improve all these by development. Development works through production, and trade and commerce come in to distribute the result of production. I think that in this way we get trade into its proper perspective. Trade is a means to an end rather than an end in itself. Trade looked at in one way is heartless, selfish, and inconsiderate of national claims. The trader does not care as to the origin of his goods, but the nation is immensely interested

in the origin of goods that are traded in. The trader does not care primarily about quality, but the nation is immensely interested in the quality of the goods that are traded in. The trader cares nothing as to the purpose to which his wares are put, but it is of immense interest to the nation to what purpose the wares are put. The trader, as such, cares nothing for loyalty to the nation."

We must not blind our eyes to the fact that there is a group of stiffly obstinate theorists, endued with firmly set prejudices, who still maintain that Free Trade principles are indeflectable, and that to remove that Ark of the Covenant would be a grave disaster; but this cannot be said to be the main current of opinion of any of the great parties in the State, and in some cases the transition from the Cobdenite position has been so rapid that, like all new converts, they are even keener reformers than those who have steadily held for years past that a change in our fiscal policy was absolutely essential to the national welfare.

Their change of opinion has not, in all cases, been caused solely by the startling revelations in regard to our grave dependence on German manufactures, even for munitions of war, which were made when this war commenced, but also by the trend of the development of trade in the last thirty years. The facts were too strong for them to resist the impression that something in our economic system must be wrong, as whilst in Germany during those three decades the agricultural workers increased by nearly two millions, ours decreased by a quarter of a million. Her workers, also, in iron, steel, and engineering increased by one million five hundred thousand—ours by only one-third that number;

and further Germany increased her production of iron from three million tons a year to nearly twenty million, while we increased ours from only eight to nine million tons.

On the eve of war, Germany's manufacture of steel was more than twice that of our own, and, aided by her bounties, her increase of exports of iron and steel in that period was from about one million tons a year to six times that amount a year, whilst our increase was only from three million five hundred thousand tons to five million tons a year. The greater part of this increase was made at our expense in consequence of our wrongly described Free Trade system, and was chiefly the means by which she accumulated funds for her scheme of world-conquest and the economic defeat of all competitors.

What right have we, alone amongst our brethren beyond the seas, and amongst our brave and gallant Allies who have fought and died for the same cause as ourselves in defence of civilisation and liberty against a common foe, to allow our enemies to recuperate rapidly after this war is ended, as a result of our foolish fiscal system, and to make immense profits out of our insular free-import trade doctrines. Are we, again, certain that we shall for all time hold the predominance on the seas as at present, and be able, as in 1915, to import food, drink, and tobacco to the value of £381,000,000 and £181,500,000 of manufactured articles to these shores ?

We must, in truth, as a nation, deal with this question of our trade relations as practically and in as clear-headed a manner as the best business man either here or in any other country would deal with his business

affairs, discarding all pedantic dogmas and the subtleties so dear to certain professors.

We have had, from time to time, speeches in Parliament and in the country from Ministers in sympathy with reform in our commercial system, though the direction of that reform has only been generally indicated. What we really require is not so much sympathy as action—action which will place the industries of this country in a secure position, no longer at the mercy of some autocrat or foreign Government to attack with success. We do not require a mere passing ray of economic prosperity, soon to pass away and disappear, and be succeeded by the darkness of depression, unemployment, reduced wages and food, and a fierce struggle for livelihood amongst our workers. We must remember that whilst we have on our side the latent advantages of abundance of raw material within the Empire, the various climates suitable for the growth of every known vegetable product, and tens of millions of willing workers for the production of manufactures of all kinds, we have a skilful and determined economic enemy in Germany misled by Prussian influence, who will spare no effort that science, organisation, skill, energy—and, we must add, cunning—will give to undermine our trade and defeat us, and who will stick at nothing to accomplish her end. We must profit by the opportunity that now arises of consolidating the resources of the Empire and of the Allies to the mutual advantage of all. We have the ball at our feet now, if we take it in the right way.

Without any legislative action on the part of our rulers, the virtual protection we have enjoyed during the war has allowed the British manufacturer to make,

amongst other articles, magnetos, hitherto sent from Germany. Some of our manufacturers are, as a result of this, doing well at the present time, and both our home and our export trade is showing signs of recuperation. If this war-time protection is withdrawn at the termination of hostilities, that key industry and many others would revert to Germany, as she would dump those scientific instruments and other goods upon us, under cost price, in order to kill our manufacture of them. If she succeeded in this, up at once would go the price of the goods she had sent here. The prices here would be put up as they deemed fit, and we should be in the same helpless position in regard to many of our manufactures, and as dependent on Germany for many of the products we were without in August 1914, as when this great war commenced.

It would seem as if the *laissez faire* followers of the present one-sided fiscal system can never have read the works of Adam Smith, the founder of the doctrine of "freedom of trade" which they profess to believe in, or, if they have done so, they have failed to understand them, for they recklessly ignored the adequate means of providing against the avowed and patent attacks which our manufacturing and industrial enterprises have been subjected to during the last few decades. In his work, *The Wealth of Nations*, one finds this passage :

"The second case in which it will generally be advantageous to lay some burden upon foreign imports for the encouragement of domestic industry, is when some tax is imposed at home upon the produce of the latter. In this case, it seems reasonable that an equal tax should be imposed upon the produce of the former.

This would not give the monopoly of the home market to domestic industry nor turn towards a particular employment a greater share of the stock and labour of the country than what would naturally go to it."

This quotation admits an exceedingly important part of the case maintained by those who advocate a freer and fairer trade system in their country, and is an absolutely unanswerable statement. In no part of Adam Smith's arguments does he repudiate retaliation by means of tariffs to safeguard the interests of our own industries ; and, as will be seen from a careful perusal of the above extract, he seems to have been conscious that at some stage of the world's history industrial defence might be not only desirable, but imperative.

That a system of free imports creates vast wealth for a few middlemen no one disputes ; that it tends to either national security or to a reasonable competence and stability of well-paid employment for the many, no honourable and sensible man can maintain or allege.

As has been already pointed out, the trade unionists of this country, at their conference last autumn, clearly indicated that the national welfare, the national independence, and the continuous employment of the industrious in the country at good wages are of more importance and are more essential to the general good than the manufacture of a few millionaires on the unfair profits made on foreign dumped goods, and the consequent ruin of scores of British industries employing labour.

Warnings that our economic system was out of touch with the times, with the requirements of the United Kingdom and of the Empire, have been uttered by many

far-seeing men, several of whom, in order to state their views, openly and fearlessly have sacrificed high office in the State, health, leisure, and finally, like the late distinguished statesman, Mr. Joseph Chamberlain, life itself, although they have been scoffed at and totally misrepresented by some narrow-minded and selfish politicians.

Their warnings have all come true, only too true. Our position of economic dependence on Germany when the war broke out in 1914 was pitiable, and it is monstrous that the once greatest industrial nation in the world should have been placed in such a position by the dictates of a few Cobdenite fanatics. It was certainly the Navy—and was it also good luck?—that saved us. We turned a deaf ear to the warnings of the late Lord Roberts respecting our military forces, beguiled by the oily words of a forensic War Minister then in office. Of course, the fact may be alleged, and justly, that the very fact of our being so unprepared for a prolonged war shows both our belief in and our wish for peace. Whatever excuse we might have had, however, for unpreparedness for war, we should have none now if we were found to be unprepared for peace.

There is a widespread belief amongst many in a position to judge respecting commercial and industrial matters, that whilst probably, at first, there will be a great demand on all hands for labour to repair the fearful destruction and wastage this war has caused, it will not be long after hostilities close before a trade contest of great intensity ensues, the severest by many degrees that this country has ever taken part in. This contest will be waged not only with the Central European Combine, but also with another great pro-



tectionist country, America, who will have enormously increased resources to bring into competition with ours, which by then will be greatly depleted, though Germany's breach of international maritime law in sinking by submarines our merchant ships has only reduced, up to now, our merchantile marine to a very small extent.

A strange anomaly strikes one in this connection. If an expert in such matters were to go to any of our great centres of industry, and, by permission of the owners, be given an insight into the working of any of the large concerns, he would report that the organisation of each of these concerns is as thorough and efficient as any to be found in the world ; and whilst this is, no doubt, the case, yet the general organisation of our industries as a nation leaves, from all accounts, a great deal to be desired. Germany was in 1914 the best-organised nation in that respect, more especially as regards co-ordination of working, general scientific, and technical training. Before the war she was the only nation that laid itself out for a system of thorough industrial and economic organisation and co-ordination, and it is sad to reflect that preparedness, good in itself, was very largely perverted for the dreadful purpose of world-conquest and human destruction.

In our own defence we had to organise to manufacture munitions of war, but before Mr. Lloyd George took that vital matter in hand for us with thoroughness we were, indeed, in a parlous condition. Since that effective organisation was carried out a different aspect of affairs has presented itself.

By the Imperial preferential system of trade herein

advocated, we should be able to organise the resources of the widespread Dominions of the Crown in a thoroughly effective manner, both for times of peace and also, should the Empire's sons again be summoned to rally beneath and uphold the flag, during the dread arbitrament of war.

We should, then, as far as material resources are concerned, be ready for any event. It is our duty to be prepared, as the Chancellor of the Exchequer said in a speech delivered to the Associated Chambers of Commerce in 1915: "We have seen a nation which in profound peace planned, prepared, and eventually provoked war, we have also found ourselves dependent on that nation for many essential matters of our own trade."

That should never be the case again, more especially when one finds that the then President of the Board of Trade, Mr. Runciman, acknowledged in a speech delivered last year in the House of Commons, in words which might with advantage be inscribed and hung up in that Department's offices: "There should be no essential articles either for the arts of peace or for the arts of war, which we could not in the Empire lay our hands upon." We were the pioneers not only in arts and manufacture, but also in the early development of these great States under our Monarch's sway, and yet we have in recent years allowed foreign countries, Germany in particular, to control the development of many of their national resources and materials, such as zinc, copper, tin, spelter, aniline dyes, pharmaceutical products, palm-kernel oil, etc. Regarding the latter product, Mr. Bonar Law took effective steps last year to prevent its being in future annexed by a foreign

agency, and caused some heart-burning amongst a few cosmopolitan politicians by his patriotic action in this direction. It is to be hoped that in future after that good example we shall not be fatuous enough lavishly to throw aside for the benefit of strangers these bounteous natural resources belonging to the Empire.

The statesmen of Canada, Australia, and New Zealand have also taken prompt, effective, and energetic action in preventing this exploitation by our enemies of these gifts of Nature in the boundaries of those Dominions.

Having, so to speak, set to work to put our own house in order by action both in the United Kingdom and within the Empire, and to place our commercial relations on a mutual and reciprocal preferential basis with promptitude, we should also simultaneously or immediately afterwards come to nearly similar arrangements with the Allies, giving, however, as seems fitting, a greater degree of preferential customs dues in the case of members of our family circle beyond the seas. We have, as Allies, all fought together, and it is only reasonable that those who have incurred heavy losses and huge debts in the same cause should do all in their power after the war to assist one another by co-operation in all practical directions during the reconstruction period, which will probably extend for four or five years at least after the termination of hostilities. France and England, despite the heavy drain of expenditure during this war, into which they were forced by Germany, will still remain two of the wealthiest nations of the world, and should spare no effort to assist their gallant Ally, Russia, in opening

out and developing the vast resources of her great Empire. Then take Italy. Before the war she exported a vast amount of her grain and other produce to Germany. Should she lose that market for any cause, it should be the endeavour of the Allies to find her markets to compensate her for that sacrifice. Belgium, Serbia, and Montenegro, should the fortune of war go as we hope and anticipate, will receive heavy indemnities from Germany for the unspeakably heavy losses and terrible destruction and sufferings they have endured. Respecting Belgium, besides an indemnity from the enemy, a preferential tariff in her favour given by Great Britain, the British Empire, France, Russia, and Italy would materially assist the recovery of her industries and prosperity.

All these gravely important questions, and others of a kindred description, deserve—and will, no doubt, receive—the most painstaking and careful consideration by the statesmen of the Allied countries of the Western Entente and Japan, their gallant Ally in the Far East. Their vast area and great potentialities of material wealth of all kinds and descriptions, their manufactures, and their busy masses of industrial workers will help wonderfully, it is to be hoped, in rehabilitating and restoring all these countries to their pristine state of prosperity.

That Germany, if she can induce those who are now her Allies to assist her, means to foist an economic war on us after hostilities are over, seems clear. She must be met and countered by us, as arranged at the Conference at Paris last summer, by equally determined economic action on the part of the Western Allies.

Whilst this great struggle has been going on, in which more men have been engaged, more blood has been shed, and more lavish cost and expenditure incurred than in any previous war known, the neutral nations have been onlookers watching the mighty battle for civilisation and liberty which the Entente Powers are fighting. They have not spent a drop of their blood in the contest itself, or risked any money to secure the blessings of peace—which boon, let us hope, they and we may enjoy for many generations. Some of them, in fact, have grown richer and richer while the dread contest has continued. Their ships (saving, of course, a few which the unheard-of brutality of the Germans has, contrary to the rule of war, sunk by their submarines) have sailed the sea in security with immense gain and profit to their owners, and their mercantile marine, unlike that of the Allies, has not been largely requisitioned by the various Governments for warlike purposes.

It does not seem equitable, therefore, that, at any rate during the period of reconstruction and rehabilitation by the Allies, they should share in such preferential treatment of their commerce as the Allies, who have borne the heat and burden of the day, may see fit and proper to give to one another.

That is, of course, merely a way of looking at the question from an equitable standpoint, nor is there any reason why, after the reconstruction period has passed, they should not enter into these reciprocal and beneficial commercial arrangements, or others of a somewhat similar character. The whole of this question will, of course, require serious consideration from many standpoints.

We all know the manner in which Germany has seen fit to fight this war ; in a work of this sort recapitulation of the horrors she has defiantly perpetrated against all laws, human and divine, is not needed ; they will be inscribed in the pages of history, and will be borne in the minds of our people and those of our Allies from generation to generation.

Now respecting the immense debt which each of the Entente Powers has been forced to incur in this great struggle forced on them by Germany. How can Germany expect to be placed on the same basis as before the war, and enjoy all the privileges of our trade throughout the Empire, the hospitality of our markets, the free entrance of her goods into our ports, while her shipping only pays the same harbour dues as our own ? This cannot be permitted. During the greater part of the War the Western Allies have amongst them had to spend between twelve and fifteen million pounds sterling a day to counter Germany's insensate bid for universal world-domination and "over all" power and tyranny. This war was arranged after most crafty and deceitful preparation, and was instigated not only by the Kaiser and his military advisers, but, one now sees, by the whole German people. If Austria had not, at the instigation of Germany, thrown down the gage of battle to Serbia, and made demands on that independent State on a pretext which had not one scintilla of evidence or clear proof to justify her ordering concessions to be granted her by that country which it was manifest no independent Power could possibly concede, there would have been no war at all, nor would the world have been the scene of this orgy of bloodshed, destruction, and unspeakable horrors.

Again, Germany has looted that at one time wealthy country Belgium, and only last autumn actually took from the Belgian National Bank money in the shape of a forced loan to the amount of forty millions sterling of her treasure ! The Germans are making goods with what they have stolen from Belgium, similarly in France (at Lille), and all the other countries they have ravished and robbed. Therefore, during the reconstruction period for the Allies, no goods should be allowed in British ports from Germany except such as the Government see fit to allow, on such terms, in regard to entry, as they decide to permit.

There may be some things which we shall require from Germany ; those, naturally, it will be in our own interest still to receive from them during the reconstruction period ; but we should make a clear distinction between those things for which, prior to the war, Germany had the monopoly and which we now find we can supply ourselves, and such products or goods, if any, as we may find we are unable to procure either in the United Kingdom, the British Empire, or in the territories of our Allies. Regarding the powers forced into the Central Alliance by their rules, other considerations would seem to arise.

The question of some system of Imperial Federation, or the establishment of a truly Imperial Parliament, or Central Executive Council, by which the various States or Units in the British Empire can be kept in touch with one another more effectually than is possible at present, so that they may mutually work together for the good of the Commonwealth, has long been in the air. As far back as 1872 the following statement on the subject was made by that great statesman, Lord

Beaconsfield, in a speech delivered at the Crystal Palace :

“I cannot conceive,” he said, “how our distant Colonies can have their affairs administered except by self-government. But self-government, in my opinion, when it was conceded, ought to have been conceded as part of a great policy of Imperial consolidation. It ought to have been accompanied by an Imperial Tariff, by securities for the people of England for the enjoyment of the unappropriated lands, which belonged to the Sovereign as their Trustee, and by a Military Code which should have precisely defined the means and the responsibilities by which the Colonies should be defended, and by which, if necessary, this country should call for aid from the Colonies themselves. It ought, further, to have been accompanied by the institution of some representative council in the metropolis which would have brought the Colonies into constant and continuous relations with the Home Government. All this, however, was omitted, because those who advised that policy—and I believe their convictions were sincere—looked upon the Colonies of England, looked upon our connection with India, as a burden upon this country, viewing everything in a financial aspect, and totally passing by those moral and political considerations which make nations great, and by the influence of which alone men are distinguished from animals.”

In what clear words did that great man convey great and important aspects of State policy! Seven years afterwards, in 1879, in *The Trade of the World*, written by the author of the present work just before standing as a candidate for Parliament for the then Borough of Cockermouth in the interests of the party of



which Lord Beaconsfield, at that date Prime Minister, was the leader, the important topic referred to in the sentences just quoted was dealt with briefly. The passage is repeated here as it expresses what would seem to be the right lines to commence the consolidation of the British Empire :

“It has often struck the writer of this work—and I believe I am not singular in that respect—that if it were practicable it would be well if there was some permanent consultative body in this country either in the form of a colonial council or some other institution kindred to our present Indian Council, to give, if required, advice and assistance to the Colonial Secretary of State on matters connected with the Colonies. To sketch lightly some suggestions on this subject, the number of such a council might be about twenty members, one-fourth of whom could be appointed by the Government to represent the Crown Colonies, their duties being those of a Parliamentary Committee sitting *en permanence*, to investigate and report to the home and colonial authorities on any question affecting our colonial possessions, either with regard to their military resources, their agriculture, their requirements as to emigrants, or the advantages they could offer them. The question of a greater union in our trade interests and a general tariff might be brought before their notice in order to report on the subject to the Imperial and Colonial Parliaments.”

This matter was from time to time brought more or less into prominence during the days of the Imperial Federation League in the eighties, but for various reasons it has again been allowed to lapse into the region of unfulfilled ideals. It has again and again been mooted at Imperial Conferences in a tentative

manner, but except in regard to the appointment of some members from the dominions on the Council of Imperial Defence, no active steps have been taken in parliament to bring it about.<sup>1</sup>

It has for the last twenty years seemed to the writer that, until parties in Great Britain could agree on a *rapprochement* in regard to a fiscal union, preferential or otherwise, within the Empire, a Constitutional Union other than that of the Crown was impracticable. Lately, as this trade question, owing to the circumstances of the present war, has come more prominently forward and entered into the region of what are called practical politics, so the question of constitutional reform may also be soon approached in the same spirit.

Some of the questions to be solved in this connection are as follows: should an Imperial Cabinet contain a Minister for India and for the Crown Colonies, or should the Central supervision and administration of these parts of the Empire still be under the control of the present Parliament of the United Kingdom, or, if Ireland were granted Home Rule, that of Great Britain?

Again, is the Parliament now sitting at Westminster to be the nucleus of a new Imperial Parliament with representatives from Great Britain and the Dominions, or is the Parliament of St. Stephen's still to have its members elected only from the United Kingdom, whilst still continuing to control solely the Foreign affairs, the Army and Navy, and the Empire generally? Again, are we to have a Dominion or local Parliament for the affairs of Great Britain only?

The inclusion of the representation of the whole

<sup>1</sup> See Appendix I.

Empire into a central legislative assembly or Parliament would necessitate many changes from the present Parliamentary form of procedure, and it would not seem desirable, therefore, to put "new wine into old bottles," or the result might prove as unworkable and disastrous as in the parable.

Amongst the many other questions which would have to be settled would be the number of the members, their allocation from the various parts of the Empire, including the Mother Country, the mode of election, the qualification of the electors, and the normal duration of each Parliament. The representation, whether by nomination of the various executive councils or by a more direct form of appointment, of the various coloured races in the Empire would require most careful consideration. The total number of inhabitants of European or white descent in the Empire is approximately sixty millions, whilst those of other descent are about six times that number. Mr. Worsfold suggests a kind of educational franchise in the case of the natives of India with its population of over three hundred and twelve million people. It may appear somewhat doubtful if that proposal could be carried into actual practice with satisfactory results.

One of the first duties of this representative body, when formed, would be to devise a plan for an equitable distribution of the charges for Imperial defence within the confines of the Mother Country and the British Dominions. In a recent work dealing with this question, very elaborate details are set forth as to the manner in which this sum of money should be collected, in case of default, from any unit of the whole. These

precautions seem superfluous, as the occasion for their use is never likely to arise.

Before the Imperial Parliament representing all parts of the whole came into existence these questions, and many others, would require solution.

As a preliminary step to this end, it would seem to be desirable at an early date to call together an Imperial Council or Conference of delegates from the Dominions, and also, as is now agreed to by the Government, from India, together with certain representatives of the Mother Country ; and as the matters they would have to consider and advise on would be numerous and important, and would take time, they should constitute a council of a more permanent nature than the Imperial Conferences hitherto summoned have been. It would seem advisable that they should be called together for a period of at least four years. It is not improbable that they might ask the Government to appoint a Royal Commission to report on the constitutional problem of Imperial Parliamentary Federation, with power to that Committee to draft a Bill on the subject for submission for the approval or non-approval of the various existing Parliaments in the Empire and the Viceroy of India's Council.

If that was the case, it would appear advisable that each House of Parliament in the Empire or Council should have the power of accepting this measure when presented to it, or of rejecting it, but not of amending it, for if that was the case the proceedings in respect to its final acceptance might be endless.

Some central body representing the Empire generally should be entrusted with the power of considering and approving of, or rejecting, any amendments to this

proposed measure, and it would seem that the Imperial Council or Conference previously referred to would meet that demand. Presuming that central legislative assembly made amendments to the proposed measure, the Bill as amended would have again to be sent to the various Parliaments for their approval or not.

Should the four-year term for which the first Imperial Council in Conference was summoned expire before a constitutional change of this magnitude was passed and during the consideration of it, it would seem desirable either for a further term to be given to the Council then sitting or for a new Council to be summoned to continue its duties.

In the minds of some who have written on this subject, it would appear as if there was a desire to urge the consolidation of the Imperial interests of Greater Britain by the constitution of a central representative body of the various parts of the Empire chiefly, if not solely, on the grounds that at present the Dominions have no voice in Foreign Affairs, and that their views should be considered respecting these matters at times, on extremely delicate and momentous subjects.

One would venture to say, in this connection, that no more risky course could be adopted, or one less fruitful of good, than a departure from the present plan of the existing Imperial Parliament of practising extreme reticence and self-abnegation in avoiding discussion on stormy subjects which are full of pitfalls and dangers.

The Parliament at Westminster knows that there are times when matters relating to foreign policy change from day to day, almost from hour to hour. These

must, in practice, be left to the Government of the day, and to the Foreign Secretary especially appointed to safeguard the Empire's interests on such matters. No change would appear desirable in regard to that, whether foreign affairs are left within the scope of the duties of the Parliament as now constituted, or of one elected by the various parts of the Empire.

Our system of the control of those questions would seem superior in practice to that of the United States, where foreign affairs are controlled by their Senate, and canvassing and other noxious systems of wire-pulling may often take place, organised by the partisans of one point of view as against those opposed to them.

Even at contested elections in the United Kingdom the candidates do not, as a rule, base their arguments or speeches at election times much on foreign affairs. There are, no doubt, exceptions to this rule; for the election of 1880, for instance, was fought very largely on the alleged misrule and barbarities of the Turks in Bulgaria, "The Bulgarian Atrocities" as they were called.

Mr. Gladstone, in some way that one could never clearly see he proved, attempted to foist on the then Government, of which Lord Beaconsfield was Premier, the indirect responsibility for these atrocities, said to have been committed by the Turks in suppressing a revolt in Bulgaria. If we may judge of events as we see them now, both British political parties were then partially wrong. The Bulgarians were not quite the sainted martyrs they were pictured in Mr. Gladstone's fiery speeches, nor were the Turks as worthy of our countenance and support as they then seemed to be.

Things change even more rapidly in respect to

foreign affairs nowadays, and only those judging them from within can know their intricacies and complications, especially in dealing with such a country as Greece, for example. An Imperial representative, for instance, leaving a distant Dominion of the Crown, with his mind set on what he conceived to be the true aspect of foreign affairs, might find on his arrival that circumstances had absolutely altered.

The grave and great constitutional change thus outlined must, when it comes, be the result of human endeavour and human skill. It must be built on sure foundations, adaptable to times of stress and difficulty as well as fair weather, must be suited to meet reasonable alteration if circumstances so demand, and made worthy of the great Empire and peoples within its scope.

There are many deeply important questions respecting the Mercantile Marine of all parts of the Empire which will have to be settled when this war ends, and without doubt absolute and full compensation should be given to our shipowners and merchants for the loss they have sustained at the hands of the enemy, in very many instances by acts of piracy. The Merchant Service has done much for us, and we must see that they do not suffer for it. The ton-for-ton policy is the least they are entitled to. We might also initiate a scheme to better the condition of the personnel of the Mercantile Marine, and amongst other things make it obligatory that a due proportion of the men, and if possible all the officers, should be, in British ships within the Empire, British subjects.

We have, during the last two years, extemporised a unity of action to meet the tremendous dangers to

which we have been exposed. In truth we were greatly taken by surprise, working, as we were, singly towards peaceful self-development, when the Central European combination sprang the mines they had been preparing under our feet—although they, fortunately for us, did not succeed in their object in its entirety or cause the havoc, disruption, and ruin they were intended to create.

Questions of Imperial defence, and other questions of deep importance await solution, and are capable of it if approached in the right spirit, as Lord Milner pointed out at a Conference of the Empire Parliamentary Association held in the House of Commons Committee room in the summer of 1916, which the author attended. His remarks were as follows :

“Set any number of representative public men to discuss the establishment of a genuine partnership of the self-governing States in the defence and policy of the Empire as an open question, and nothing may come out of it but a pile of Blue books. But let them feel, whatever the actual terms of their reference, that what the people they represent desire is not discussion, but action—that the question they have to answer is not ‘Is this thing to be done?’ but ‘How is it to be done?’ and the outcome will be a more or less complete, but perfectly definite scheme.”

The theory which the free-import traders of the middle of last century held was that their policy would produce cheapness and brotherly love and affection amongst nations, and would, in consequence of the low rate of labour, manufacture more cheaply and sell more goods at higher profit. But their prophecies have all proved false. War is as frequent as ever, food is dearer,



and the foreigner, whilst sending his products to our markets, keeps out ours by protective tariffs, so our increment in the manufacture of other goods, iron, steel, etc., has not been so rapid, so large, nor so continuous as that of our foreign rivals. What the followers of Cobden have succeeded in doing by their free-import trade policy is to make England year by year more dependent on an outside food supply, and to drive the people from the land and the plough to the factory, the emigrant ship, or 'the workhouse, as the Cobdenites were told would be the case when they passed their schemes into law.

The next point we must bear in mind—and it is one which every civilised race, except ourselves, within the confines of the United Kingdom, carries out in actual practice—is that “All goods and products, whether manufactured or raised at home or abroad, should equally contribute to the taxation of the country.” We, on the contrary, adopt a totally different system. We tax the home industries heavily. In the last few years, by means of what are described as social reforms, we have added burden upon burden to the tax-payer. Further, we have let the foreign goods in free, if by any means it is discovered that we can manufacture or produce them in these Islands. This has probably been done to swell the bulk of our import trade, which is, according to the free-import traders, the sole end and object of trade and commerce and the sole measure of a nation's prosperity. We, further, unlike all other nations in the world, pursue a policy which tends to cheapen luxuries in our midst, and hence encourages extravagance, and we do this by steadfastly refusing to tax any foreign-made luxuries

for the rich, such as lace, expensive furs, jewellery, etc., adornments of all kinds and descriptions.

A few words respecting the Income Tax may be much to the point here, as it is, without doubt, when raised to too high a figure, an aggressive impost in times of peace, though no one can object to it during the stress of war as at present, in order to raise the necessary funds, the purpose for which it was originally framed. Mr. Gladstone, by the way, promised to abolish it in 1860, but years afterwards, when Chancellor of the Exchequer, he was either unwilling or unable to keep that pledge.

The income tax falls, no doubt, chiefly on the patient law-abiding class in the first instance; when, as at present, levied as a graduated tax, it is drawn from what would afterwards form the accumulated wealth of the country, it discourages thrift and saving, and, though no doubt its object is to tax the few and gain the applause of the many, and to help the working-classes, its result in normal times is the direct reverse. In reality it bears very heavily on the working-classes through the employers of labour, and is the direct cause of a vast amount of unemployment.

Our authorities have become so enamoured of this form of taxation, for some reason best known to themselves (it may be its ease in collection), that our Budgets do not attempt, as was done at one time, to distribute equally the burdens between direct and indirect taxation, but lump two-thirds of it, at least, on to the former. Nor, in the case of a British subject earning money in another part of the Empire—in India, Australia, Canada, for instance—and residing in the United Kingdom, are they content with making him pay only once

on his income towards the general defence of the realm of which the United Kingdom forms a part, but they make him pay twice, and in some instances a treble income tax is demanded of him. It is not necessary to go into this question here at any length ; it will suffice to point out that it is a gross anomaly which, no doubt, will be remedied when our Imperial Council, or Parliament for the Empire, comes into existence, if not before.

A short extract from a memorandum by the Hon. J. G. Jenkins, Treasurer of the British Imperial Council of Commerce, gives a clear *résumé* of the anomaly now complained of, as follows :

“The duplication of taxation within the Empire did not arise until the Dominion Parliaments first began to impose a tax on income for revenue purposes. Since then the duplication has continued. Until recently the rates of taxation, both in the United Kingdom and such Dominions as imposed an Income Tax, were of only moderate amounts ; although in principle wrong, it was not seriously disadvantageous or harmful to Imperial interests or such a charge upon those affected as to cause any strong protest or agitation for reform.

“Since the passing into law of the Finance Acts of 1914 and 1915 of Great Britain, and the Commonwealth of Australia Acts Nos. 34 and 41 of 1915, the double tax has now, so far as Australia is concerned, become a treble tax as regards companies, firms, or persons liable.”

In the United States, which is usually considered a more democratic country than the United Kingdom, in 1894 a graduated income tax was condemned by the

Supreme Court as contrary to the Constitution, and a violation of the liberty of the subject, "being voted by the many and falling on the few." In the United States they have a written Constitution, which cannot be tampered with and altered, as is the case here, by a temporary majority. Their policy is that the best taxation is that which is levied on articles of consumption, luxuries especially, and they consider that such a course has a tendency to encourage frugality, if judiciously imposed, whilst being confounded with the price of the commodity in the market, it is scarcely perceived by the consumer.

Taxes, after all is said and done, are like a medicine which is needful to be taken. If the patient prefers taking his dose with a conserve, why not let him do so ? The stern so-called "Free Trade" doctors based their prescriptions on two cardinal fallacies,—first, that the burden of imports, whether the same goods or products could be produced or not in the importing country, must fall on the consumer ; and, secondly, that a tariff must increase the cost of the article taxed. Having got hold of a quack nostrum which, they say, did good to the patient in his infancy, they refuse to see that the altered conditions of his constitution, in his mature years, requires another remedy.

In plain words, they stick to what they fondly think Adam Smith taught in respect to political economy in the eighteenth century under totally different conditions of the world's relative progress and industry from those existing to-day.

The utter failure of the promises and predictions by which the people of England were cajoled into adopting their present fiscal policy should be a strong argument

against its continuance. According to the theory of the Free Traders, America, and the other large States which have adopted a protectionist policy, should have been ruined ; but, on the contrary, they are prospering exceedingly.

We must, then, throw aside musty tomes of economic lore written in a bygone age, regarding such textbooks as false guides, and we must face fresh facts and situations with fresh minds, old ideas and theories being worse than useless. The people of this country and of the Empire will not, it seems clear, be satisfied in future with a policy of procrastination in regard to this or any of the other great questions which demand action ; and if, after the War, they find the issues at stake have not been grappled with, and that, instead of being completely settled, they are not even approaching solution in a way befitting our place in the world, they will be bitterly disappointed. The people of Great Britain are awakened to the gravity of the situation. They are aware that they may have to face great dangers and privations, but they also know they are free to choose their own destiny, and that they now have a National Government whom they believe they can rely on to take action and steer the ship of State successfully through troubled waters.

We may be told that we cannot move for fear of retaliation. That argument must be treated with contempt. In any case, we shall receive the least portion of the trade of the Central Empires they can possibly give us. How can a group of peoples with only eighteen per cent., in all, of the world's trade retaliate with success on the grand alliance of nations of which the British Empire forms a part, with its

control of fifty per cent. of the remainder, not including in this estimate the United States? In the future, as in the past, we shall have to meet the clash of commercial and industrial competition. We shall do so fortified and strengthened by the example of our kinsmen beyond the seas, who have stood nobly by us in times of stress and difficulty.

The Empire has been proved in the fiery furnace of a great danger, and has come through this ordeal, so far, purified and strengthened. It must be our aim to cement this union of the States beyond the seas with the Motherland by further co-operation in many ways, and, where practicable, by ties of Imperial Federation, giving to all who are our co-partners some share in the destinies and governance of the British Empire.

There has been a strong current of public opinion in recent years in favour of reconstituting the office now held by the President of the Board of Trade, and making that Department of the State of more importance in relation to the other Governmental Departments and bringing it more in touch with the actualities of modern industry, modern trade, and modern commerce. Should a ministry of that description be evolved, it might be aptly described as the Ministry of Industry and Commerce, the former being the mainstay of any truly great country, and the latter the handmaiden of industry, rather than, as mistaken economists of the middle of last century considered, the mistress. Commerce includes in its wide scope trade wholesale and retail.

The name is, of course, of no importance. The fact that such a ministry was established and set to work to solve some of the many problems in regard to industry or trade that have in recent years been allowed to be put

aside, would be of the highest benefit to the community. There are, no doubt, a vast number of important questions which have had to give way to other subjects more vehemently pushed to the front by political agitators, such as attacks on the House of Lords, Ireland, the disendowment and disestablishment of the Church in Wales, and such-like matters, and these have stopped the way.

Several reforms are still awaiting solution, but this is not the same thing as saying that they could all be carried in a few years, even if the Parliament of the United Kingdom were relieved of some of its duties by the establishment of a Pan-Britannic Imperial Parliament, or by Ireland having a Parliament of its own, and its sons delivering most of their speeches at St. Stephen's Green instead of Westminster. One knows that could not be the case from personal experience, after having had a seat, during three Parliaments, in the House of Commons.

One of the greatest questions which the country will have to consider at the termination of hostilities will be (unless some of us are greatly mistaken) that of work and wages and employment for the discharged soldiers, and for all capable and willing workers in the United Kingdom. We must aim at extending our agriculture and manufactures, which will, in consequence, give the fullest possible employment to our workers. We must also see that our trading vessels are free from the shackles of foreign legal entanglements as to what ports they may call at, what freights they may charge, and other curtailments of their just opportunities.

When the resolutions passed at the Paris Conference

are acted on—and there is no doubt that the people of this country wish to adhere to their terms, our industrial welfare will be assured in due course and both masters and men will share in the increased prosperity of our home industries. Strikes and lock-outs will then be less liable to occur, more especially in those concerns where profit-sharing is, to a certain extent, introduced, fluctuations in expansion and depression of trade will not be of such frequent and often unexpected occurrence as at present; and a tariff system will tend to steady the conditions of industrial enterprise, and give to the capable and industrious a higher probability of permanent success.

The war has been fought in vain if it does not bring together all sections of the community into a loyal co-partnership for the common weal. All feelings of distrust, or of latent hostility, between employer and employed should be dismissed, and a new ideal of trust and confidence substituted for them. "The mists of suspicion between class and class must be dispelled as clouds on a gloomy day are thrust aside by the effulgence of the sun; if we loyally work together as a united people the prosperity of our race will be assured." May that hope be realised. The people of the Dominions, as of the Mother Country, are still, however, looking for a sign of the future policy of our Government, and wondering whether those in authority are awake to the urgency of the questions which await solution.

The agricultural lands of a nation may and should become more developed and intrinsically valuable as years roll on, reinforced as they ought to be by scientific and sensible treatment. A question which might well



be considered by a Minister of Industry and Commerce is whether it would not be advisable, not only to take stock of the natural products within the Empire (more particularly such products as anthracite coal, zinc, copper, etc., as is being done), but also to consider whether we should not nationalise a sufficient quantity of them for an emergency, compensating the present owners.

Under the British Nationality and Status of Aliens Act, 1914, an alien is entitled to acquire freehold and leasehold property of any description in the country he is naturalised in. This would include a right to acquire, for instance, steam coal in Welsh mines, minerals in Canada, and forest land in Newfoundland. Again, an alien is not entitled to own or hold a share in a British ship, but, under the law as it at present stands, a Company entirely alien in its composition, provided that it is registered as a British Company, is entitled to hold a British ship.

That is to say, in fact, that whilst one foreigner cannot own a part of a British ship as an individual, a group of foreigners by registering themselves as a Public Company can own a whole British ship, and, whilst residing in Prussia and "strafing" England, enjoy all the privileges of British citizens in respect thereto, with none of the obligations of paying our taxes or of giving personal service in time of war, which the latter have to do. Could not the Legislature find time to consider such an anomaly as this, recollecting how much we owe to our Mercantile Marine and their gallant crews for what they have accomplished during the last two years?

In October of the year 1916 another matter con-

nected with this subject came before the French Chamber, who are taking powers to revoke the naturalisation of enemy aliens (Russia has already taken steps to denaturalise or intern most of her dangerous Russianised Germans). The vital argument in this matter is that a German, under his country's Delbrück Law, can comfortably take the oath of allegiance to his adopted country while remaining a German loyal to his Kaiser.

There is one measure from which, if it were practicable, great advantage to our trade and commerce, and to those engaged therein, would accrue, and that is—uniformity of Commercial Law throughout the Empire. If that were left to the consideration and enactment of all the present Parliaments of the Empire or Legislative Councils, which are said to number no less than seventy, it would be found impossible to get them to agree on the details of such a reform. If, however, the codification of Imperial Statutes on that subject were left to a central legislative body for the Empire, it might be done. It would seem clear that there are reasons of a special description why the commercial laws all over the Empire should be similar. A man engaged in business transactions does not confine his transactions to one part of the Empire. Trade and commerce know nothing about political or geographical boundaries.

If a man in business wishes to transmit goods or money from one part of the Empire to the other, or in the case of bills of lading, he will find himself confronted with all sorts of legal systems, and getting others to interpret and unravel their complexities for him will cost him either time, labour, or money, in some instances all three. The law relating to bills of ex-

change, cheques, etc., should certainly be assimilated throughout the length and breadth of the King's Dominions, but that has never been done.

In 1882 Parliament passed in clear and definite language (not always the case, by the way, in Acts of Parliament) the Bills of Exchange Act. That Act is only operative in the United Kingdom ; it has, however, been copied, it is said, in every part of the Empire that has a legislature, but in some instances slight divergencies and local differences from the original Act have crept in. For instance, in Canada the risk to a banker who pays on a forged endorsement is greater than it is in England. In South Africa three days of grace on a bill of exchange are unknown. This must, at times, cause confusion. If there could be a complete uniformity established and a uniform law within the Empire as to bills of exchange, no doubt the inter-Imperial assimilation of other branches of commerce would follow in due course.

It seems very desirable that a careful revision should be made of the mode in which British Patents are granted to foreigners ; the words "adequately worked" in those patents should be changed to "three-fourths worked," as the former is too vague an expression ; a colourable working is, in practice, deemed sufficient, and the intention of the Act to encourage home industries is, in consequence, evaded and made a dead letter. Were a system adopted by which a patent or a copyright taken out by a British subject was in force not in one part only, but in the whole Empire, on the payment of higher fees, it would seem a small move in the right direction.

It is also advisable that a mutual agreement should

be come to amongst the Allies as to patents, and that the working in one country should be considered a sufficient working in the other countries without the patent lapsing in their countries.

It seems a pity that Canada has adopted the dollar as the unit, and not the pound. In another part of this work reference has been made to the great advantage which the United Kingdom would enjoy if the metric system of weights and measures were adopted. Its general adoption throughout the Empire would, naturally, be of even greater benefits, as would also be the easy and practical simplicity of decimal coinage.

By the energy and perseverance of the author's late friend, Sir J. Henniker Heaton, we have given one another, as a rule, throughout Greater Britain slightly lower and preferential rates for letters and parcels than is the case in regard to postage to most foreign States. One wonders why it never struck the "Free Traders" that the advantage of a preference thus given as between the United Kingdom and the Dominions might whet the appetite of the inhabitants of this country for preferences in many other more important directions.

The advantage of correspondence by letter is the mutual interchange of ideas, as, in commercial traffic, of goods. As arranged by the Postal Union, we pay the same amount in writing to foreign States as they pay in sending letters to us. If the "Free Traders" were right it would not matter how few letters on business our merchants wrote abroad, or what the rate of postage was, whether it was six times the amount the foreigner had to pay on sending a letter to the United Kingdom. Their argument would be: the sole

advantage of correspondence is the number of letters you receive, and it would make no difference what cost you were put to in sending replies to those letters, as they now say the sole advantage and gain in the trade of a nation are its imports.

There are very numerous industries which could easily be restored to a position of prosperity in this country, as well as others in which we have never yet competed, if successfully introduced, and no lack of capital would be experienced in either case if the manufacturer only felt secure that his market would not be taken away. As Mr. M. Barlow, M.P., has said in the House of Commons: "You give me security that my market will not be taken away for ten years, and I will put down machinery and do it."

It should, further, be our aim not only by a scientific tariff to prevent our industries being attacked and possibly undermined by foreign dumped goods and other similar devices, but also to provide adequate Governmental grants to encourage technical education in chemistry, engineering, mechanics, and agriculture, more generally than is the case at present; though the skill and proficiency of those amongst us who have studied these subjects leave nothing to be desired. Should these industries increase, however, as is to be hoped, more experts in them will be required.

If goods made in this country are to maintain their position in the markets of the world, there is a necessity not only for the equipment of the factories and workshops to be thoroughly up to date, as most of them are said to be, but also that the workers should give us, as in America and elsewhere, a fair day's work for a fair day's wages, and that the undue limitations imposed

by some of the trade unions on their members be modified, and the output be, in consequence, increased.

After-war preparations are being vigorously pushed forward in Germany. Raw material, it is said, will be one of her first necessities for the revival of trade, and, in consequence, the principal shipyards are busily engaged in constructing huge cargo-bearing vessels, and also liners to gain the ascendancy in the profitable transatlantic trade. When peace comes, if Germany only gains a partial success she will endeavour to dominate the industrial spheres of activity in the various countries of the world, an achievement which, when she ruthlessly threw down the gauntlet to the world from her "mailed fist," she was, no doubt, in the way of attaining by her carefully planned organisation, and system of so-called "peaceful penetration."

Germany knows that the struggle to regain the export trade, to the value of £504,000,000, which she enjoyed before the war will, at its conclusion, be a severe one, and she has taken steps in all practical ways to be ready.

One of the greatest dangers Great Britain, as an industrial and trading nation, will have to face for some time after the war will not be our present foe, or our great and wealthy competitors in the United States, but the action of the sentimental cosmopolitanists in her midst, and of weak-kneed politicians at St. Stephen's.

We have the ball at our feet now if we take it in the right way. People are gradually awakening to the fact that the relationship between our security as a nation and our economic policy is indeed close, and cannot be disconnected, and that the more self-supporting a country is, the more prosperous it is likely to be in

time of peace, and the more powerful in time of war. An endeavour has been made in these pages to urge fair play for British Industry, and for that of Greater Britain—not an open door for the foreign merchant here, and a closed and locked one against the British merchant abroad.

Thoughtful men of all parties are casting aside pre-war prejudices, for they clearly see that our way of security for the future lies in a well-considered system of preferential trade for the Empire as a whole. For generations when England was making her way, and gradually becoming the centre of a great Empire, we looked to the Plantations, as the Dominions were then called, for our source of food, of raw material, of arms and munitions of war, and were, in fact, a self-supporting community. Persuaded by false prophets to discard this system, in the supposed interest of a fleeting cheapness, we became dependent and weak and, as Germany imagined, an easy prey.

During the past two or three years we have been casting aside this economic thralldom at an immense sacrifice of men and money, and it is satisfactory to note that the recently issued resolutions of Lord Balfour of Burleigh's Committee support and advocate a great and important step in advance towards Imperial consolidation, and also respecting the future economic arrangements of the Empire, and the United Kingdom with the Allies and the Neutral Powers.\*

Taken as a whole, all parties, both in the Empire generally and in the United Kingdom, have come forward nobly at this grave crisis to do their duty.

\* See Appendix IV.

Neither men nor women, high or low, rich or poor, young or old, have spared themselves. Women have, as a sex, stepped most patriotically into the breach, and carried on many duties, as a rule successfully, in callings which had been previously considered only men's work. The question of employment generally, when the war ends, will be one of great urgency requiring grave consideration.

The duty of both men and women to do everything in their power to aid their country in this titanic struggle we are engaged in against a highly organised system of barbarism was early this year brought to the attention of all by the Director of National Service, Mr. Neville Chamberlain, when he pointed out the main lines of his scheme of National Service, and the great urgency of the demand for workers—that the matter would not brook delay, and that we could not afford to wait ; we must have the volunteers at once.

The scheme is at present to be a voluntary one ; should, however, that fail, a compulsory one will have to be adopted. Young and old are asked to join, but if the former do so, and are of military age, it will not exempt them from service with the colours.

Our enemy will hesitate at nothing, having no respect for any international usages of warfare or the customs of civilisation. He not only has threatened, but as far as he is able sinks at sight every merchantman and passenger ship, and rejoices in the drowning of the “gallant messengers of plenty to this land” our brave sailors.

We must hasten the building of ships of the Navy to cope with this submarine peril, arm all vessels of the mercantile marine to destroy these reptiles and pirates



of the sea, and speedily construct as many vessels as possible to replace our losses. This submarine menace we mastered before, and the author believes we shall do so again.

Those who come to the nation's aid and join the band of national workers will find that agriculture in this country requires many more workers to increase the home-grown food supplies.

In a speech the Prime Minister made at Westminster this year, when National Service was introduced, he said: "We are short of iron ore. I need hardly tell you how important it is, not only in the conduct of the war, but in providing ships to carry the raw material and food." He also then indicated that we want labour for loading and unloading ships and waggons, and that a thoroughly democratic State has the right to claim the services of all of its citizens when the fate of the nation is at stake. It is in truth the duty of all to organise civilisation to defeat organised barbarism.

The work of the Paris Economic Conference was, as far as it went, good. In conclusion may one again point out that they were resolutions only and still require carrying into effect. As Lord Derby, now Secretary of State for War, said when presiding over the Liverpool Chamber of Commerce at their Annual Meeting last June :

"It was the duty of every Chamber of Commerce and every commercial man, as we had accepted these proposals and they were the considered judgment, not only of ourselves, but of our dependencies and of our Allies, to see that the proposals were put into concrete form, and interpreted in such a way that the moment the war was over they could be carried into execution."

Throughout the United Kingdom and her wide-spread Dominions beyond the seas, in all directions one sees an awakened Empire—a people who realise that in this great war, and in the great industrial and commercial struggle which will succeed it, there is one of two alternatives awaiting us—success or failure. From the Mother Country and from all parts of Greater Britain resolute men have rallied to the flag to defend the cause of liberty and justice. Purified by the supreme sacrifice which many of them have made, may we who still remain resolve that it shall ever float over a free, a contented, and a prosperous people !

## APPENDIX I

### IMPERIAL REPRESENTATION

THE Prime Minister on January 25th, 1917, explained the objects for which the Imperial Conference has been convened. The following are extracts from that important announcement :

“ The Empire War Council will deal with all general questions affecting the war. The Prime Ministers or their representatives will be temporary members of the War Cabinet, and we propose to arrange that all matters of first-rate importance should be considered at a series of special meetings. Nothing affecting the Dominions, the conduct of the war, or the negotiations of peace will be excluded from its purview. There will, of course, be domestic questions which each part of the Empire must settle for itself—questions such as recruiting in the United Kingdom, or home legislation. Such domestic matters will be our only reservation. But we propose that everything else should be, so to speak, on the table.”

### WAR POLICY OF THE EMPIRE

“ The war policy of the Empire will be clearly defined. And of great importance is what I may call the preparation for peace. That will involve not only demobilisation, but such other after-the-war questions as the migration of our own people to other parts of the Empire, the settlement of soldiers on the land, commerce and industry after the war. We have certainly not hesitated to depart from precedent.”

“ The terms of peace will be only a beginning. After they are satisfactorily arranged we shall have to set to work to build up that ordered freedom and fraternity which is the only security for human peace and progress, and which militarism has destroyed. And is it not certain that the nations which have borne the heat and burden of the day in overthrowing that militarism will take a leading share in building that new earth which they have made possible by their sacrifice ? No ; if we endure to the end I have small fears for the future. And not the least important of the foundations for the work we shall have to do together in that future will be this War Council of the British peoples.”

## APPENDIX II

### LAND SETTLEMENT BY SOLDIERS

REGARDING this deeply important question, the self-governing British Dominions have not left this matter to chance or the "magic of patience," but many of them have already taken active steps to be prepared and ready in regard to it when hostilities terminate.

From Ottawa on January 11th, 1917, the following brief report was sent to Great Britain of the steps taken by the Canadian Government, that—

"The two days' Conference of representatives of the Dominion Provincial Governments convened for the purpose of securing uniformity of action in dealing with returned soldiers concluded to-day. The Government has prepared a Bill providing for the settlement of Canadian soldiers and British reservists from Canada in selected areas on homesteads and lands under Federal control. The measure provides for agricultural training and financial aid by way of loans under an administrative commission consisting of three members."

"A Reuter's message says that a loan of £300 without interest will be made to each settler for the erection of farm buildings and the purchase of stock, and a further advance will be made of £200 on the recommendation of the supervising Commissions. The settler who has lived three years on the farm, and has repaid half the money advanced, may dispose of the property."

From Melbourne one learns during the same month that the Australian Premiers at their Conference adopted a sound repatriation scheme for the settlement on the land of both Australian soldiers and sailors and those of British nationality. Important steps in the same direction, as previously pointed out in this work, have been taken by New Zealand.

## APPENDIX III

### THE UNITED STATES SEVER DIPLOMATIC RELATIONS WITH GERMANY

THE world was startled, though not surprised, to hear this February that the United States had severed all diplomatic relations with the German Empire, and that the American Ambassador in Berlin would immediately be recalled.

The history of this ostracism of Germany by the United States from being considered within the pale of civilised nations is a lengthy one, and there is no intention in this appendix to set forth the whole of the circumstances of the case, or the forbearance the United States displayed in her communications with this arrogant Germanic State. The salient fact stands forth that after the sinking last April without warning of the steamship *Sussex* by a German submarine, in which ship were several United States citizens, some of whom were drowned, a strong note was sent by the American Government to Germany demanding *inter alia* an assurance that no such outrage on passenger steamers should occur again.

The German Government gave that assurance to America on "a scrap of paper." At that time the German submarine fleet was in a very depleted state, owing to their heavy losses of these undersea vessels, caused by the unceasing activity of the British naval authorities.

Germany was at that time building with all speed larger

and more powerful submarines with a more extended sphere of action. On their partial completion this year, Germany tore up "the scrap of paper" in which she had promised to desist from attacks contrary to the usages of war and international law on the mercantile marine of belligerent and neutral powers, and forwarded one of the most insolent diplomatic notes on record to the Government of the United States, in which she denounced her former promise, and, having repudiated it, declared her intention of sinking *all* mercantile ships in certain seas adjacent to Great Britain, France, and Italy at sight. The United States replied to that insult at once with dignity and decision, and carried out their threat of April 1916—namely, that if this style of barbarity by Germany was persisted in "The United States can have no choice but to sever diplomatic relations with Germany."

The United States Government dispatched notes to the various neutral Governments of the world setting forth their views on this subject, and pointing out the action of the German Government in regard thereto.

Some of them replied fully concurring with the views of the United States, but up till the middle of February 1917 no rupture of diplomatic relations has occurred betwixt any of them and Germany.

The United States is still technically "a neutral power," although it is stated that she is taking steps to put both her Navy and Army in a position to be ready for emergencies.

There are some questions yet unsolved ; for instance, if the action of Germany causes the United States to commence hostilities, will she come in as a full member of the *Entente* Alliance, or in a more limited way ? Again, if America joins in the war, will she or not subscribe to the agreement made by the Allies and make peace only in concert, or will she retain her liberty of action to make peace without consulting any other nationality ?



## APPENDIX IV

### REPORT REGARDING IMPERIAL PREFERENCES AND COMMERCIAL TREATIES

THE following resolutions passed by the Committee on Commercial and Industrial Policy, of which Lord Balfour of Burleigh is chairman, were issued as a White Paper [Cd. 8482] on February 20th, 1917.

The Committee, which was appointed by the late Government, was a thoroughly representative one, and included amongst its members many who were, prior to the war, considered to be staunch adherents of the Free Trade faith.

“ 1. In the light of experience gained during the war, we consider that special steps must be taken to stimulate the production of foodstuffs, raw materials, and manufactured articles within the Empire wherever the expansion of production is possible and economically desirable for the safety and welfare of the Empire as a whole.

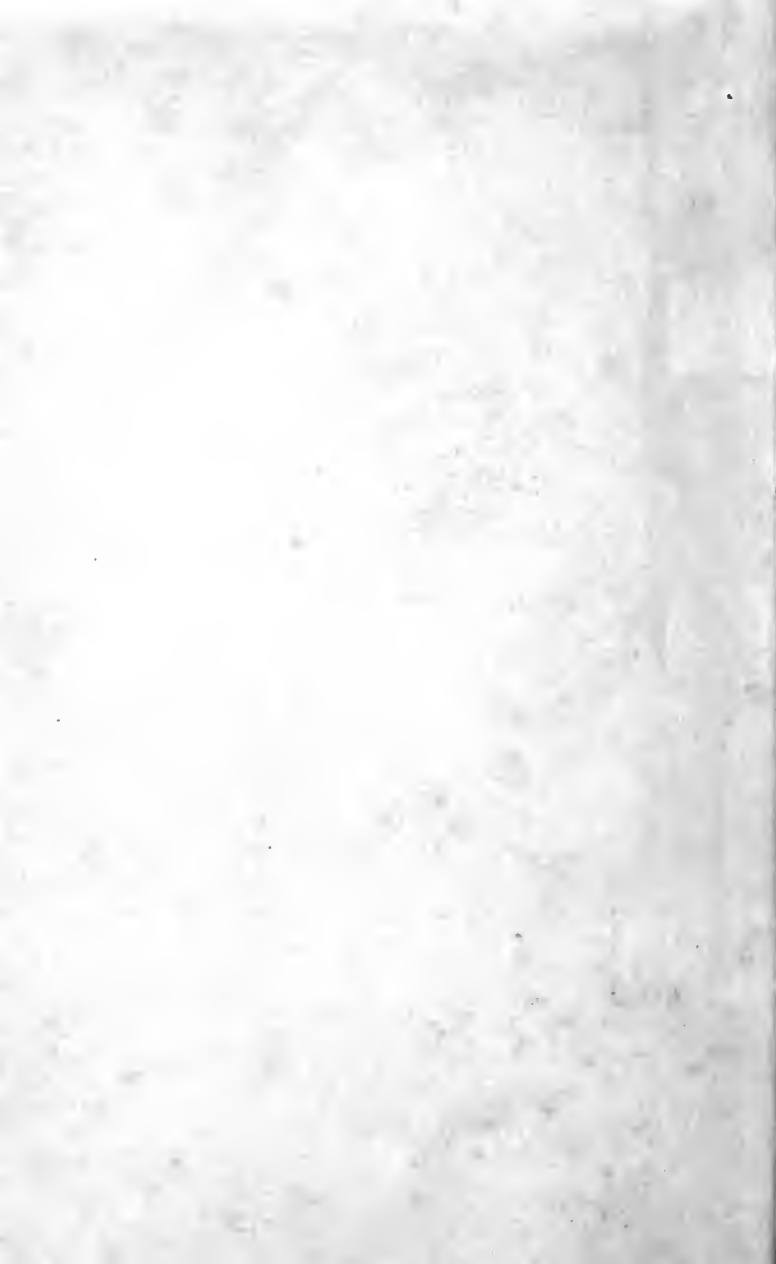
“ 2. We therefore recommend that H.M. Government should now declare their adherence to the principle that preference should be accorded to the products and manufactures of the British Overseas Dominions in respect of any Customs Duties now or hereafter to be imposed on imports into the United Kingdom.

“ 3. Further, it will in our opinion be necessary to take into early consideration, as one of the methods of achieving the above objects, the desirability of establishing a

wider range of Customs Duties which would be remitted or reduced on the products and manufactures of the Empire, and which would form the basis of commercial treaties with Allied and Neutral Powers.”

These important resolutions are the first that have been passed in this sense by a Committee appointed by the Government.





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